

RESOLUTION NO. OSB-2016-06

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE CITY OF HUNTINGTON PARK COMMUNITY DEVELOPMENT COMMISSION APPROVING AN AMENDMENT TO THE LONG RANGE PROPERTY MANAGEMENT PLAN PURSUANT TO HEALTH AND SAFETY CODE SECTION 34191.3(b) TO PERMIT A GOVERNMENTAL PURPOSE TRANSFER OF THE PROPERTY LOCATED AT 7116 RUGBY AVENUE IN THE CITY OF HUNTINGTON PARK

WHEREAS, pursuant to AB X1 26 (enacted in 2011), and the California Supreme Court's decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, 53 Cal. 4th 231 (2011), the City of Huntington Park Community Development Commission (the "Former Agency") was dissolved as of February 1, 2012; the Successor Agency to the City of Huntington Park Community Development Commission (the "Successor Agency") was constituted and the Oversight Board to the Successor Agency (the "Oversight Board") was established; and

WHEREAS, AB X1 26 added Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) to Division 24 of the California Health and Safety Code ("HSC"); and such Parts 1.8 and 1.85, together with any amendments and supplements thereto enacted from time to time, are collectively referred to herein as the "Dissolution Act"; and

WHEREAS, pursuant to HSC Section 34175(b), all real properties of the Former Agency transferred to the control of the Successor Agency by operation of law; and

WHEREAS, pursuant to HSC Section 34191.5, the Successor Agency prepared a long-range property management plan (the "LRPMP"); and

WHEREAS, the Oversight Board adopted Resolution No. OSB 2013-04 on June 12, 2013, approving the LRPMP; and

WHEREAS, the State Department of Finance (the "DOF") issued its letter dated August 29, 2013, indicating its approval of the LRPMP; and

WHEREAS, pursuant to HSC Section 34191.3, the DOF-approved LRPMP governs the disposition and use of the Former Agency's real property assets, and supersedes all other provisions of the Dissolution Act relating thereto; and

WHEREAS, listed on the LRPMP is a property located at 7116 Rugby Avenue (the "Rugby Avenue Property") which was acquired by the Former Agency acquired the Rugby Avenue Property to two parts, in 1981 and 1982, for the purpose of constructing and maintaining a public parking lot ; and

WHEREAS, the Rugby Avenue Property has at all times since the Former Agency acquisition been used for public parking purposes, but due to prior Department of Finance (DOF) interpretation of the Dissolution Act, the property was not considered by the DOF to qualify as parking facilities subject to a government purpose transfer and, therefore, the LRPMP provided for the sale of the Rugby Avenue Property; and

WHEREAS, in September 2015, SB 107 was enacted into law, providing for certain amendments to the Dissolution Act, including an amendment to HSC Section 34181(a)(1) by adding "parking facilities and lots dedicated solely to public parking" and which do not generate revenues in excess of reasonable maintenance costs, as an example of real property which may be transferred for governmental purposes; and

WHEREAS, SB 107 also added HSC Section 34191.3(b), which provides that if the DOF had approved a successor agency's long-range property management plan before January 1, 2016, the successor agency may amend its long-range property management plan once, to allow for the retention of real properties that constitute "parking facilities and lots dedicated solely to public parking" pursuant to Section 34181; and

WHEREAS, HSC Section 34191.3(c) provides that, for the purpose of an amendment to the long-range property management plan pursuant to HSC Section 34191.3(b), the subject property must not be one which, as of the date of transfer pursuant to the amended long range property management plan, generates revenues in excess of reasonable maintenance costs of the property; and

WHEREAS, the Successor Agency wishes to amend the LRPMP pursuant to HSC Section 34191.3(b) to provide for the transfer of the Rugby Avenue Property to the City for public parking purposes; and

WHEREAS, there is currently no generation of revenue on the Rugby Avenue Property that is excess of reasonable maintenance costs; and

WHEREAS, the City has represented to the Oversight Board that the City has no current intention of imposing parking charges on the Rugby Avenue Property (if such charge is to be imposed) in excess of amounts necessary to cover reasonable costs of maintaining Rugby Avenue Property; and

WHEREAS, the Oversight Board wishes to approve the proposed amendment to the LRPMP designating the Rugby Avenue Property as a governmental purpose transfer to the City and authorize the governmental purpose transfer as a condition subsequent to DOF approval of the Amended LRPMP; and

WHEREAS, notice of the proposed action presented in this Resolution was posted at least ten days before this Oversight Board meeting;

NOW, THEREFORE, THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE CITY OF HUNTINGTON PARK COMMUNITY DEVELOPMENT COMMISSION HEREBY FINDS, DETERMINES, RESOLVES, AND ORDERS AS FOLLOWS:

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. The Oversight Board hereby approves the amendment to the LRPMP to designate the Rugby Avenue Property as a governmental purpose transfer to the City. A copy of the Amended LRPMP is attached as Exhibit A. Upon the effectiveness of this Resolution pursuant to the Dissolution Act or the written approval of the DOF, whichever comes first, the LRPMP shall be deemed so amended, effective immediately, and Successor Agency staff is directed to attach this Resolution, including Exhibit B (Rugby Avenue Property description) hereto, to the Successor Agency's LRPMP file.

Section 3. Upon the effectiveness of this Resolution pursuant to the Dissolution Act or receipt of written notice of approval from the DOF, whichever comes first, the Successor Agency shall be authorized and directed to proceed with the completion of the transfer of the Rugby Avenue Property to the City pursuant to the amended LRPMP without further Oversight Board action.

Section 4. This Resolution has been reviewed with respect to the applicability of the California Environmental Quality Act (Public Resources Code Section 21000 et seq.) ("CEQA"). Pursuant to the State CEQA Guidelines (14 Cal Code Regs 15000 et seq.) (the "Guidelines"), the Oversight Board has determined that the approval of the proposed amendment to the LRPMP is not a project pursuant to CEQA and is exempt from CEQA because it is an organizational or administrative activity of government that will not result in direct or indirect physical changes in the environment (Guidelines Section 15378(b)(5)). Further, it can be seen with certainty that there is no possibility that approval of such amendment to the LRPMP may have a significant effect on the environment, and thus the action is exempt from CEQA (Guidelines Section 15061(b)(3)). Staff of the Successor Agency is hereby directed to prepare and post a notice of exemption pursuant to Guidelines Section 15062.

Section 5. The members of the Oversight Board and the officers and the staff Successor Agency are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable to effectuate this Resolution.

PASSED AND ADOPTED this 22nd day of June, 2016.


Chair

ATTEST:

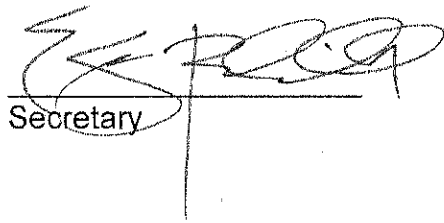

Secretary

EXHIBIT A

Amended LRPMP

HUNTINGTON PARK SUCCESSOR AGENCY
LONG RANGE PROPERTY MANAGEMENT PLAN



June 12, 2013

Amended June , 2016

LONG RANGE PROPERTY MANAGEMENT PLAN

Successor Agency to the Huntington Park Community Development Commission

INTRODUCTION

AB X1 26, which outlines the redevelopment dissolution process, requires the Redevelopment Agency of the City of Huntington Park ("RDA") to transfer all of its real estate assets to the Successor Agency (the "Agency") by February of 2012 (the RDA transferred four properties to the Successor Agency). Subsequent legislation, AB 1484, further clarifies the dissolution process; and requires the Successor Agency to submit a Long Range Property Management Plan ("LRPM Plan") to the Oversight Board and Department of Finance ("DOF") that outlines the proposed plan to dispose of or use of the properties formerly owned by the RDA. This document serves as the Long Range Property Management Plan for the Huntington Park Successor Agency.

The approved LRPM Plan will serve to determine if the properties should be:

1. Retained for governmental use;
2. Retained for future development;
3. Retained to fulfill an enforceable obligation; or
4. Sold

REQUIREMENTS FOR APPROVAL OF A LONG RANGE PROPERTY MANAGEMENT PLAN

Prior to approval of a final LRPM Plan and subsequent disposition of real estate assets, the successor agency must comply with several requirements under AB 1484.

The guidelines under AB 1484 outline a 5-step process for the disposition of properties:

1. Due Diligence Reviews ("DDR's")
 - Completed – November 12, 2012 (Housing Funds) and January 8, 2013 (Non-Housing Funds)
2. Remit all cash assets to the County-Auditor Controller and taxing entities
 - Completed – No cash available to remit
3. DOF issues Finding of Completion
 - Completed – issued on April 12, 2013
4. Develop and Approve LRPM Plan
 - Successor Agency Approval – June 3, 2013

Huntington Park Successor Agency
LONG RANGE PROPERTY MANAGEMENT PLAN

- Oversight Board Approval – June 12, 2013
- DOF Approval – LRPM Plan must be submitted to DOF no later than October 11, 2013 (six months after Finding of Completion)
- Pursuant to SB 107, approved by Governor Brown on September 22, 2015, a LRPM Plan may be amended once prior to July 1, 2016, to designate property used for public parking, which does not generate revenue in excess of the reasonable operation and maintenance costs, as a governmental purpose transfer.

5. Dispose of real estate assets in accordance with LRPM Plan

SUMMARY OF PROPERTIES OWNED BY THE SUCCESSOR AGENCY

There are four properties currently owned by the Successor Agency. They are non-contiguous parcels located in different areas of the City, with distinct physical characteristics and land uses: long-term land lease, parking lot, multi-family residential, and retail development sites. As a result, the Agency must develop a distinct disposition strategy for the sale of each property.

The Agency has obtained appraisals for each property and engaged the services of a real estate broker services firm, Jones Lang LaSalle ("JLL"). JLL will assist the Agency, analyzing opportunities for the sale and development of each property, identifying potential buyer(s), and assisting in analyzing and negotiating offers.

Provided below is a brief summary of each property and the recommended disposition strategies:

1. **Heritage Plaza (6325 Pacific Boulevard)** – The property is a 7,405 square feet parcel of land, upon which a 3-story 13,500 square foot brick building is located. The former RDA provided the building owner, Bolo Corporation, a 75-year lease on the land for \$100 per year, which commenced in June 1, 1983.

The Successor Agency recommends the sale of the property. There are 45 years remaining on the term of the land lease; therefore, the appraised value for this property is \$17,000 – the discounted value of \$100 lease payments for 45 years, plus a terminal value. The "market value" for a similar-sized fee-simple parcel of land along Pacific Boulevard would likely generate a much higher value (\$290,000).

Given the 45-year term remaining on the land lease, the current building owner, Bolo Corporation, is the only party expected to pay close to the "market value" for this parcel in order to own the land and building, fee-simple. The Agency will negotiate with the building owner directly in order to sell the building for a pre-determined minimum value.

Huntington Park Successor Agency
LONG RANGE PROPERTY MANAGEMENT PLAN

The proceeds of the sale of the land will be used to pay the arbitrage rebate liability on the 2004 Tax Allocation Bonds.

2. **Downtown Parking Lots (7116 Rugby Avenue)** – The property, which is comprised of two adjacent parcels, currently serves as a small free public parking lot located behind Pacific Boulevard. The total size for both parcels is 22,500 square feet, and the public parking lot includes 41 surface parking spaces. There are no revenues generated by the use of the property as public property which exceed the reasonable cost of operation and maintenance.

The Agency recommends the sale of this property. The City is interested in purchasing these parcels to continue utilizing them as public parking. The City conveyed one of the two adjacent parcels to the former Redevelopment Agency via a Grant Deed Agreement dated January 12, 1982. The Grant deed stipulates that the parcel is to revert to the City on January 1, 2002. The second parcel was conveyed to the RDA by a private party via a Grant Deed dated December 7, 1984. The Agency recommends the transfer of this property to the City of Huntington Park as a "governmental purpose" transfer for the City's continued use as public parking, pursuant to Health & Safety Code Sections 34181(a) and 34191.3(b).

3. **Carmelita Site (6100-6114 Carmelita Avenue, 6126 Bear Avenue, 3806-3828 61st Street)** - The 80,855 square foot property is currently improved with twelve residential single-family and multi-family residential units. Eleven out of the twelve families that resided at the units were permanently relocated. The former RDA planned to develop the property with a residential project.

The Agency recommends the sale of this property. The appraised value for the property is \$1,515,000, which assumes that the property can be developed with 37 multi-family residential units in accordance with the current zoning for the property.

The Agency will solicit various proposals from potential buyers. After an initial review, three firms will be recommended to initiate more targeted discussions. JLL will negotiate with each firm and provide the best recommended use to the Agency.

The proceeds of the sale of the land will be used to pay outstanding principal on the Neighborhood Preservation Project loan – Item #5 of the Agency's approved ROPS.

4. **Southland Steel (5959-6169 S. Alameda Street)** – The 236,690 square foot property is considered a Brownsfield site with soil, soil vapor and groundwater contamination. The property is comprised of five adjoining parcels and is subject to a California Land Reuse and Revitalization Agreement with the Department of Toxic Substances Control, which sets forth a process for obtaining immunity for hazardous waste liability if remediation of the property is completed in accordance with the process specified in the Agreement. The RDA's objective was to develop the property with a commercial/retail or an automobile dealership project.

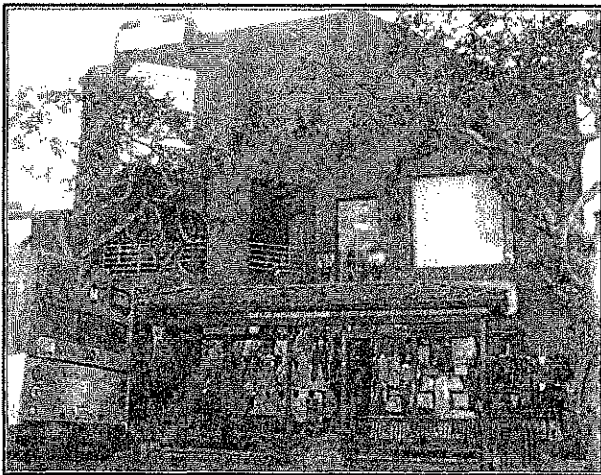
The Successor Agency recommends the sale of the property and utilize the proceeds from the sale to pay an arbitrage liability on the 2004 Tax Allocation Bonds. The appraised value for the property is \$4,735,000 as an industrial warehouse and \$6,155,000 as a commercial/retail property. The property has identified environmental contamination; the appraisal assumes a "clean" site. On May 4, 2012, the RDA completed a soil Removal Action Workplan which anticipates soil clean-up costs to be less than \$1,500,000. The Agency has performed environmental Phase I studies, soil sampling, and preliminary groundwater investigations but has not obtained a formal cost estimate for groundwater contamination.

The Agency will solicit various proposals from potential buyers/developers. Given that the parcel has contamination issues, it will require an effective "subsidy and therefore is expected to be sold below the appraised value.

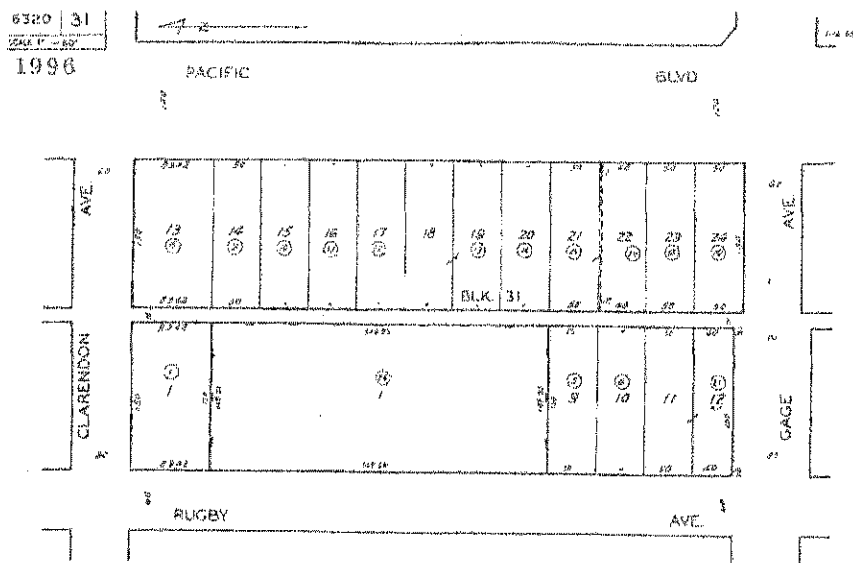
The City has obtained two proposals for the sale of the property: one for retail development and another one for an automobile dealership project. JLL will solicit additional developer proposals. Upon the initial review of all competitive proposals, the Agency and JLL will negotiate with each firm and provide the best recommended use for the property.

A description and disposition strategies for of each these properties is provided in greater detail in the following sections.

Property #1 Heritage Plaza



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LONG RANGE PROPERTY MANAGEMENT PLAN



Property #1 – Heritage Plaza

1. Date of acquisition and its value at that time and an estimated current value

The City purchased the parcel on May 3, 1972. Title reports including property profile reports did not provide information regarding the value of the property at the time of acquisition. Based on an appraisal report dated February 28, 2013, the estimated current value of the property is \$17,000.

2. Purpose for which property was acquired

The parcel was acquired for the development of retail/commercial and office space on Pacific Boulevard.

3. Parcel data for each property, including address, lot size and current zoning

APN: 6320-031-022
Size: 0.17 Acres
Address: 6325 Pacific Boulevard

Lot Size: 7,500 sq ft.

Zoning: Downtown Huntington Specific Plan, District B, which is a Mixed Use commercial/residential zone district. Primary uses include commercial retail, and office uses on the ground floor, with multiple family residential or office uses on upper levels. Development standards include a minimum 5,000 square feet and maximum development density of 70 dwelling units per acre.

4. Estimate of current value of parcel including any appraisal information

The current appraised value for the parcel of land was \$17,000, as of February 28, 2013. The parcel was leased to Ventra, Inc. for a 75-year period (\$100 per year), as an unimproved parcel of land.

5. Estimate of any lease, rental, or other revenues generated by the property and a description of the contractual requirements for disposition of those revenues

The City signed a 75-year lease for \$100 per year in 1983. There are 45 years remaining on the lease, which is currently held by Bolo Corporation. A copy of the lease is attached (Exhibit A)

Bolo Corporation is the building owner and legal entity that assumed the lease from Ventra, Inc., the original lessee.

6. History of environmental contamination or remediation efforts

There are no known environmental contamination issues.

7. Description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency

The property has potential for transit-oriented development. It is located within the City's downtown area and is close to public transit bus stations. Additionally, zoning for the property allows for high density mixed-use commercial and residential development projects.

The property is a 3-story brick building occupied by commercial and office uses. The City has already achieved its development objective with this site.

8. A brief history of previous development proposals and activities, including the rental or lease of property

The City granted a 75-year lease for \$100 per year in 1983 to Ventra, Inc., in order to provide an incentive for the developer to build on this empty parcel. The developer built a 3-story 13,476 square foot building with retail on the first floor and office use on the second floor.

9. Identify the use or disposition strategy the property

- a. Retained for governmental use
- b. Retained for future development
- c. Retained to fulfill an enforceable obligation
- d. **Sell property**

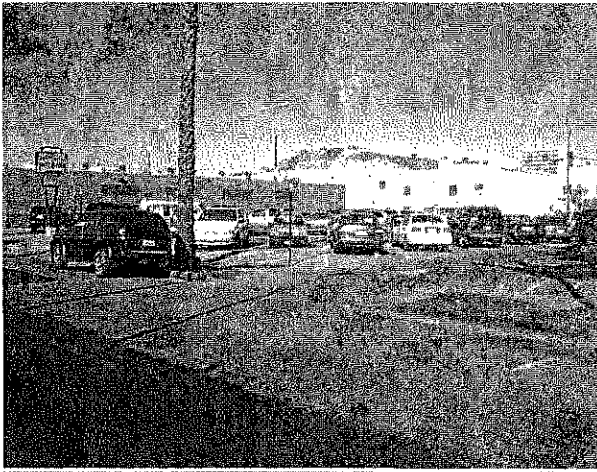
10. Outline your disposition strategy for this property

There are 45 years remaining on the term of the land lease; therefore, the appraised value of this property is \$17,000 – the discounted value of \$100 lease payments for 45 years, plus a terminal value. The market value for a similar-sized fee simple parcel of land along Pacific Boulevard would likely generate a much higher value (\$290,000).

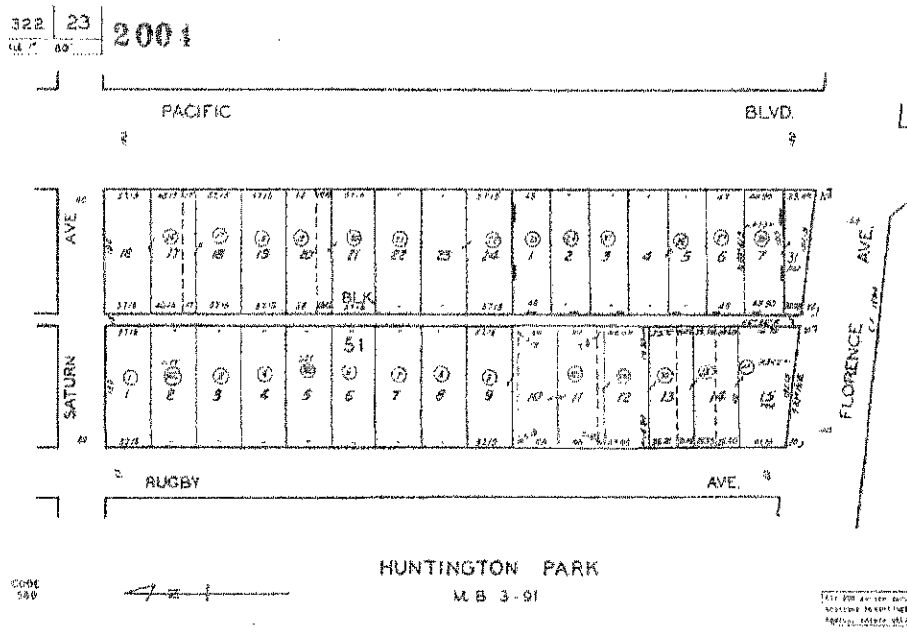
Given the 45-year term remaining on the land lease, the current building owner, Bolo Corporation, is the only party expected to pay close to the "market value" for this parcel in order to own the land and building, fee-simple. The Agency and JLL will negotiate with the building owner directly in order to sell the building for a pre-determined minimum value. The City is prepared to pay the appraised value (\$17,000) in the event that Bolo Corporation selects to not purchase the property.

The proceeds of the sale of the land will be used to pay the arbitrage rebate liability on the 2004 Tax Allocation Bonds.

Property #2 – Downtown Parking Lots



Huntington Park Successor Agency
LONG RANGE PROPERTY MANAGEMENT PLAN



Property #2 – Downtown Parking Lots

1. Date of acquisition and its value at that time, and an estimated current value

These parking lots are located in two adjacent parcels (APN 6322-023-901 and 904). The City conveyed one of the parcels (No. 901) to the former RDA via a Grant Deed Agreement dated January 12, 1982. This Grant Deed stipulates that Parcel 901 reverts to the City on January 1, 2082. The second parcel (No. 904) was conveyed to the RDA by a private party on December 7, 1981. Title reports including property profile reports did not provide information regarding the value of the property at the time of acquisition.

An appraisal report completed on March 4, 2013, estimates the property value at \$630,000. It is important to note that the appraised value does not take into account the reversionary clause stipulated on the Grant Deed Agreement for Parcel No. 901. Copies of the Grant Deeds are attached to this report (Exhibit B)

2. Purpose for which property was acquired

The parcel was purchased for public parking uses. The parcels are currently improved with 41 surface parking spaces.

3. Parcel data for each property, including address, lot size and current zoning

APNs: 6322-023-901 (15,000 square feet) and 6322-023-904 (7,500 square feet)

Size: 22,500 square feet

Address: 7116 Rugby Avenue

Zoning: Downtown Huntington Specific Plan, District C, which is a Mixed Use commercial/residential zone district. Primary uses include multiple family residential, commercial retail, and office uses on the ground floor, with multiple family residential or office uses on upper levels. Development standards include a minimum 5,000 square feet and maximum development density of 70 dwelling units per acre.

4. Estimate of current value of parcel including any appraisal information

The appraised value for the property is \$ 630,000 as of March 4, 2013. The value does not take into account the reversionary clause for Parcel 6322-023-901.

5. Estimate of any lease, rental, or other revenues generated by the property and a description of the contractual requirements for disposition of those revenues

This parcel currently serves as free public parking for shoppers and merchants in the City's downtown along Pacific Boulevard. Therefore, there are no lease or rental revenues generated by the parking lots.

6. History of environmental contamination or remediation efforts

There are no known environmental conditions.

7. Description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency

The City believes that this land parcel, located within the downtown area, presents an excellent opportunity for (affordable) housing development or other higher density mixed-use projects. The property is situated in proximity to public transit station bus stops and approximately one mile from the Blue Line light rail train station, which runs from downtown Los Angeles to Long Beach. In the event the property is developed, the City will require that these public parking lots be maintained as part of any future mixed-use development projects

8. A brief history of previous development proposals and activities, including the rental or lease of property

This property was originally purchased to provide additional parking spaces for shoppers and vendors for the City's downtown.

9. Identify the use or disposition strategy the property:

- a. **Retained for governmental use**
- b. Retained for future development
- c. Retained to fulfill an enforceable obligation
- d. Sell property

10. Outline your disposition Strategy for this property

The Agency proposes to ~~sell~~transfer the property ~~to the City at no cost as a governmental purpose transfer pursuant to Health & Safety Code Sections 34181 and 34191.3(b).~~ The City ~~is interested in purchasing the property to~~ will continue utilizing it as its current use - public parking.

~~The proceeds of the sale of the land will be used to pay the arbitrage rebate liability on the 2004 Tax Allocation Bonds.~~

Property #3 – Carmelita

1. Date of acquisition and its value at that time, and an estimated current value

The former RDA purchased the property on April 13, 2011 for \$2,420,000. The estimated current value of the property is \$1,515,000 as of February 28, 2013.

2. Purpose for which property was acquired

The property was acquired for the development of a residential project

3. Parcel data for each property, including address, lot size and current zoning

APNs: 6318-028-900 and 6318-029-900

Address: 6100-6114 Carmelita Avenue, 6126 Bear Avenue, 3806-3828 61st Street

Size: 80,855 square feet (1.9 Acres)

Zoning: Property is located within the RH zone classification which permits single-family residential and low to high density multiple family residential development. Current Development Standards include the following – a) minimum lot size of 15,000 square feet, b) minimum street frontages of 100 feet and c) maximum building height of 45 feet. The maximum allowable development density is 20 units per acre or 1 unit per 2,178 square feet. The maximum lot coverage is 65%. Additionally, the zoning allows for two parking spaces per unit, plus one guest space for every three units.

4. Estimate of current value of parcel including any appraisal information

The appraised value of the property is \$1,515,000 as of February 28, 2013

5. Estimate of any lease, rental, or other revenues generated by the property and a description of the contractual requirements for disposition of those revenues

There are no lease or rental revenues generated by the property. The property is improved with twelve residential units and one large vacant/unimproved parcel. Eleven out of the twelve tenants were relocated.

6. History of environmental contamination or remediation efforts

The property is partially developed with single and multi-family residential structures, comprising of 12 residential dwelling units. A portion of the property consists of unimproved/vacant land which was formerly developed and used as a plant nursery. The former Redevelopment Agency conducted the following environmental assessments:

- Phase I, October 19, 2009 - Identified potential environmental concerns due to pesticides and herbicides used during the time that the nursery was in operation.
- Phase II, October 21, 2010 - Soil samples collected from the property found chlorinated herbicides and pesticides. The environmental assessment concluded that concentrations of these chemicals fell below the State of California Human Health Screening levels for residential properties and therefore, no further investigations were necessary.

7. Description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency

The zoning of the property permits single-family residential and low to high density multiple family residential development. The City believes that this land parcel has potential for a housing development project or other higher density multiple-family residential projects. The property is located within a residential neighborhood in proximity to public transit bus stops.

8. A brief history of previous development proposals and activities, including the rental or lease of property

In August 2008 the RDA solicited proposals from qualified residential private developers to develop a residential project on the site. On September 20, 2010,

the RDA entered into an Exclusive Negotiating Agreement with Gangi Development to negotiate the potential construction of a residential project. The Agreement with Gangi Development expired on September 20, 2011.

9. Identify the use or disposition strategy the property:

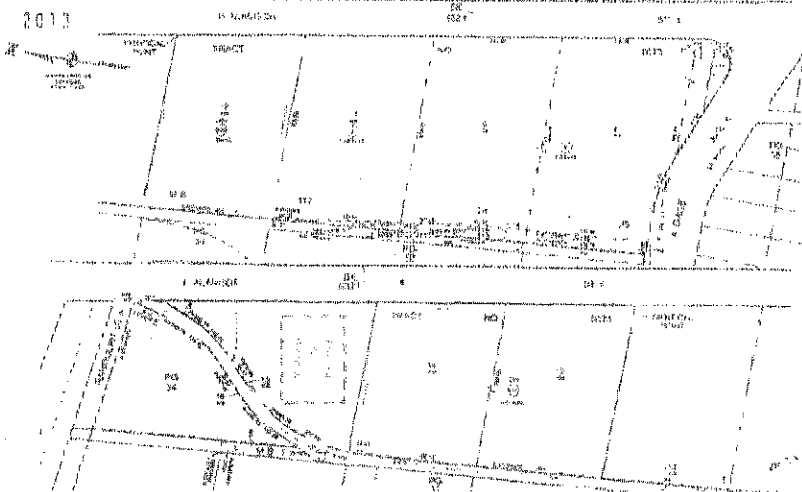
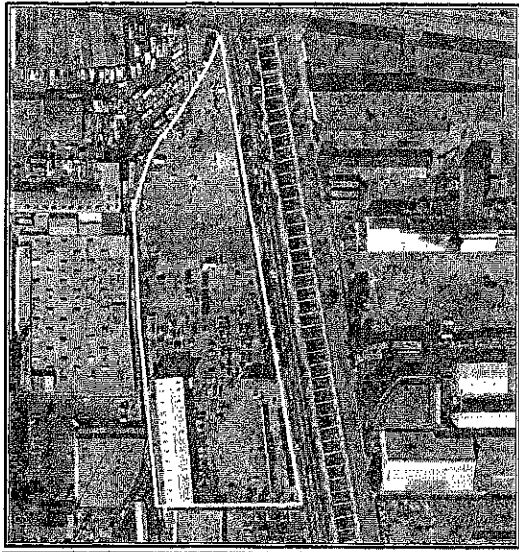
- a. Retained for governmental use
- b. Retained for future development
- c. Retained to fulfill an enforceable obligation
- d. **Sell property**

10. Outline your disposition Strategy for this property

The appraised value for the property is \$1,515,000, which assumes that the property can be developed with 37 multi-family residential units, in accordance with the current zoning for the property.

The Agency and JLL will solicit various proposals from potential buyers. After an initial review, JLL will recommend three firms to initiate more targeted discussions. JLL will negotiate with each firm and provide the best recommended use to the Agency.

The proceeds of the sale of the land will be used to pay outstanding principal on the Neighborhood Preservation Project loan – Item #5 of the Agency's approved ROPS.



Property #4 – Southland Steel

1. Date of acquisition and its value at that time, and an estimated current value

The RDA purchased the property on March 22, 2005, for \$5,430,000. The estimated current value of the property is \$4,735,000 as an industrial warehouse (as of January 15, 2013); and \$6,155,000 as a commercial/retail property (as of March 18, 2013).

2. Purpose for which property was acquired

The property was purchased to develop a commercial/retail center or an auto dealership. The Redevelopment Agency's goal was to develop a project that would revitalize the area, stimulate economic growth, create new jobs for the community and increase the City's revenues.

3. Parcel data for each property, including address, lot size and current zoning

APN: 6009-033-900, 901, 902
6009-034-900, 901

Address: 5959-6169 South Alameda Street

Size: 236,690 square feet (5.43 Acres)

Zoning: The property is zoned as Commercial-General, which allows for general retail, professional uses, and service-oriented business activities serving a community-wide need under design standards that ensure compatibility with adjoining land uses. The maximum permitted FAR is 2:1.

4. Estimate of current value of parcel including any appraisal information

The appraised value for the property is \$4,735,000 as an industrial warehouse (as of January 15, 2013); and \$6,155,000 as a commercial/retail property (as of March 18, 2013).

5. Estimate of any lease, rental, or other revenues generated by the property and a description of the contractual requirements for disposition of those revenues

The RDA has a \$7,768 month-to-month lease agreement with Nicolas Alexander, owner of an adjacent BMW and Mini Cooper Auto dealership. Mr. Alexander leases approximately 94,000 square feet (2.15 acres) of the land for automobile storage inventory and employee parking. A copy of the lease agreement is attached (Exhibit C).

6. History of environmental contamination or remediation efforts

The property is considered a Brownsfield site with soil and groundwater contamination. A history of property uses include:

- Early 1900s: Fertilizer manufacturing facility owned by American Agricultural Chemical Company
- 1947-1971: Warehouse and steel manufacturing facility owned by Rawlins and subsequently by Lufkin Foundry
- 1971-2002 : Steel manufacturing facility owned by Southland Steel Company
- 2002-2005: Leased for industrial and office uses and owned by Fallon Family Trust
- 2005- Present: Property was purchased by former RDA in 2005. A portion of the land (approximately 94,000 square feet) is being leased to an adjacent auto dealership (Alexander BMW) for auto storage inventory and employee parking. Most of the buildings occupying the property were demolished in 2008, except for an automotive storage area and an office building on the south side of the property, currently leased by Alexander BMW.

The following Environmental Assessments have been performed at the site:

1. Phase I Assessment - Prior to the acquisition of the property, three Phase I Assessments were performed by Applied Environmental Technologies (July 2, 1999 and an update on September 10, 2001) and Assesco (October 1, 2004).
2. Soil samples were collected by All Phase in 2004
3. Soil Vapor Survey performed by All Phase in 2005

4. Removal of a 1,000-gallon underground storage tank (used for gasoline/waste oil) in 2007
5. Supplemental Site Investigations conducted by Pacific Edge in 2007, 2008 and All Phase in 2009

During the environmental investigation process, high levels of contaminants were detected in the soil, soil vapor and groundwater. A Site Characterization Report dated October 6, 2010, indicates that the contaminants of concern relate primarily to past use of the property as a steel manufacturing facility. Contaminants of concern found on the subject property include the following:

1. Soil
 - Volatile Organic Compounds (VOCs)
 - Semi-volatile Organic Compounds (SVOCs) and Polyaromatic hydrocarbons (PAHs)
 - Heavy metals
 - Polychlorinated biphenyls (PCBs)
 - Chlorinated pesticides
 - Total petroleum hydrocarbons
2. Soil Vapors
 - Volatile Organic Compounds
3. Groundwater
 - Volatile Organic Compounds
 - Heavy metals

On December 5, 2005 the Redevelopment Agency entered into a California Land Reuse and Revitalization Act (CLRRRA) Agreement with the Department of Toxic Substances Control (DTSC) to facilitate the environmental assessment, clean-up and re-use of the Southland Steel site. The CLRRRA Agreement allows the agency to receive immunity from environmental liability upon completion of remediation of the site.

The following documents are required to be prepared under the CLRRRA Agreement:

1. Site Characterization Report (SCR) – This report serves to provide a summary of all previous environmental investigations performed at the site. The SCR was completed and approved by DTSC on July 20, 2011.

2. Removal Action Plan – The Removal Action Plan serves to provide methods to remedy contamination issues in the soil, soil vapor and groundwater in a manner that is protective of human health and the environment.

The RDA completed a Removal Action Workplan for the shallow surface soil on May 4, 2012, which was subsequently approved by DTSC on May 10, 2012. The approved Plan describes the appropriate soil removal procedures for lead, arsenic, cadmium and polyaromatic hydrocarbons. The projected cost for soil remediation is estimated to be less than \$1,500,000. Upon completion of soil remediation, the property may be utilized for commercial/industrial uses, provided that DTSC reviews and approves improvement plans.

The Agency included the cost to implement the Soil Removal Action Work Plan as obligation number 15 in ROPS III. However, the Department of Finance denied this item as an obligation.

Note: Removal Action Plans for the soil vapor and groundwater contamination have not been completed. Further groundwater investigations may be necessary.

7. Description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency

The property is not suitable for a transit-oriented development due zoning restrictions and environmental conditions.

8. A brief history of previous development proposals and activities, including the rental or lease of property

The City received two proposals to purchase and develop the property. One proposal includes the development of commercial/retail project, and another proposal includes the expansion of an adjacent BMW and Mini Cooper dealership.

9. Identify the use or disposition strategy the property:

- a. Retained for governmental use
- b. Retained for future development
- c. Retained to fulfill an enforceable obligation
- d. **Sell property**

10. Outline your disposition Strategy for this property

The Agency proposes to sell the property. The sale of this property may be more difficult given the complexity of the environmental issues involved. Staff does not propose to sell the property "as-is" to the highest bidder through an auction or RFP process, but rather the process will likely require a concentrated marketing effort to a few interested parties involving the Agency's broker and City staff.

The appraised value for the property is \$4,735,000, as an industrial warehouse and \$6,155,000 as a commercial/retail property. The property has identified environmental contamination and the appraisal values assume a "clean" site. Based on the Removal Action Workplan for the soil dated May 4, 2012, the cost for soil clean-up is estimated to be less than \$1,500,000.

JLL will solicit various proposals from potential buyers/developers. Given that the parcel is not located in a traditional retail location, it will require an effective "subsidy" and is expected to be sold below the appraised value.

The City has obtained two proposals for the sale of the property one for retail development and another for an auto dealership. JLL will solicit additional developer proposals. Upon the initial review with the Agency of all competitive proposals, JLL will negotiate with each firm and provide the recommended best use to the Agency.

The proceeds of the sale of the land will be used to pay the arbitrage rebate liability on the 2004 Tax Allocation Bonds.

Attachments

- Exhibit A – Lease Agreement for Property #1
- Exhibit B – Grant Deeds for Property #2
- Exhibit C – Lease Agreement for Property #4

City of Huntington Park Successor Agency - Property Description

Property Name	Heritage Plaza	Rugby Avenue Parking Lots	Carmelita Site	Southland Steel
2 Property Type	Commercial	Parking Lot - 41 spaces	Residential and vacant land	Industrial building & Vacant lot
3 Permissible Use	Commercial/Residential	Commercial/Residential	Residential up to 20 du/acre	Commercial
4 Acquisition Date	5/31/1972	6/12/1982	4/13/2011	3/22/2005
5 Value at Time of Purchase	Not available	Not Available	\$2,420,000	\$5,430,000
6 Estimated Current Value <i>value per square foot</i>	\$17,000	\$65,000 \$3	\$1,515,000 \$19	\$4,735,000 Manufacturing ("as if clean") \$20
7 Value Basis	Appraised	Appraised	Appraised	Appraised
8 Date of Estimated Current Value	2/26/2013	11/6/2013	2/28/2013	1/11/2013
9 Proposed Sale Value	TBD	TBD	\$1,515,000	TBD
10 Proposed Sale Date	To be determined	To be determined	To be determined	To be determined
11 Acquisition Purpose	Commercial	Public parking lots	Residential development	Auto dealership and/or commercial development
12 Address	6325 Pacific Blvd	7116 Rugby Avenue	6126 Bear Avenue 6100-6114 Carmelita Ave 3806-3828 61st Street	5959-6169 South Alameda
13 APN #	6320-031-022	6322-023-901 6322-023-904	6318-028-900 6318-029-900	6009-033-900 6009-033-901 6009-034-900 6009-034-901 6009-033-902
14 Lot Size	7,500 sq ft/0.17 ac	21,428 sq ft/0.49 ac	80,855 sq ft/1.86 ac	236,690 sq ft/5.43 ac
15 Current Zoning	Central Business District/ Residential	Central Business District/ Residential	High Density Residential Max units 20 du/ac	Commercial
16 Estimate of Income/Revenue	\$100/year	\$0	\$0	\$7,768/month

PROPERTY DESCRIPTION

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) SS
CITY OF HUNTINGTON PARK)

I, Estevan Padilla, Secretary of the Oversight Board, DO HEREBY CERTIFY that the foregoing Oversight Board Resolution No. OSB 2016-06 was duly adopted by the Oversight Board and approved by the Chair at a meeting of said Oversight Board held on the 22nd day of June, 2016 and that it was so adopted as follows:

AYES: Duarte, Buendia, Luis, Pineda

NOES: NONE

ABSENT: Hennigan, Vercos, Villegas

ABSTAINING: NONE

Dated: JUNE 22, 2016



Estevan Padilla, Deputy Clerk
Los Angeles County Board of Supervisors Acting as Secretary to
the Huntington Park Oversight Board

HUNTINGTON PARK SUCCESSOR AGENCY

LONG RANGE PROPERTY MANAGEMENT PLAN



June 12, 2013

LONG RANGE PROPERTY MANAGEMENT PLAN

Successor Agency to the Huntington Park Community Development Commission

INTRODUCTION

AB X1 26, which outlines the redevelopment dissolution process, requires the Redevelopment Agency of the City of Huntington Park ("RDA") to transfer all of its real estate assets to the Successor Agency (the "Agency") by February of 2012 (the RDA transferred four properties to the Successor Agency). Subsequent legislation, AB 1484, further clarifies the dissolution process; and requires the Successor Agency to submit a Long Range Property Management Plan ("LRPM Plan") to the Oversight Board and Department of Finance ("DOF") that outlines the proposed plan to dispose of or use of the properties formerly owned by the RDA. This document serves as the Long Range Property Management Plan for the Huntington Park Successor Agency.

The approved LRPM Plan will serve to determine if the properties should be:

1. Retained for governmental use;
2. Retained for future development;
3. Retained to fulfill an enforceable obligation; or
4. Sold

REQUIREMENTS FOR APPROVAL OF A LONG RANGE PROPERTY MANAGEMENT PLAN

Prior to approval of a final LRPM Plan and subsequent disposition of real estate assets, the successor agency must comply with several requirements under AB 1484.

The guidelines under AB 1484 outline a 5-step process for the disposition of properties:

1. Due Diligence Reviews ("DDR's")
 - Completed – November 12, 2012 (Housing Funds) and January 8, 2013 (Non-Housing Funds)
2. Remit all cash assets to the County-Auditor Controller and taxing entities
 - Completed – No cash available to remit
3. DOF issues Finding of Completion
 - Completed – issued on April 12, 2013
4. Develop and Approve LRPM Plan
 - Successor Agency Approval – June 3, 2013

- Oversight Board Approval – June 12, 2013
- DOF Approval – LRPM Plan must be submitted to DOF no later than October 11, 2013 (six months after Finding of Completion)

5. Dispose of real estate assets in accordance with LRPM Plan

SUMMARY OF PROPERTIES OWNED BY THE SUCCESOR AGENCY

There are four properties currently owned by the Successor Agency. They are non-contiguous parcels located in different areas of the City, with distinct physical characteristics and land uses: long-term land lease, parking lot, multi-family residential, and retail development sites. As a result, the Agency must develop a distinct disposition strategy for the sale of each property.

The Agency has obtained appraisals for each property and engaged the services of a real estate broker services firm, Jones Lang LaSalle ("JLL"). JLL will assist the Agency, analyzing opportunities for the sale and development of each property, identifying potential buyer(s), and assisting in analyzing and negotiating offers.

Provided below is a brief summary of each property and the recommended disposition strategies:

1. **Heritage Plaza (6325 Pacific Boulevard)** – The property is a 7,405 square feet parcel of land, upon which a 3-story 13,500 square foot brick building is located. The former RDA provided the building owner, Bolo Corporation, a 75-year lease on the land for \$100 per year, which commenced in June 1, 1983.

The Successor Agency recommends the sale of the property. There are 45 years remaining on the term of the land lease; therefore, the appraised value for this property is \$17,000 – the discounted value of \$100 lease payments for 45 years, plus a terminal value. The "market value" for a similar-sized fee-simple parcel of land along Pacific Boulevard would likely generate a much higher value (\$290,000).

Given the 45-year term remaining on the land lease, the current building owner, Bolo Corporation, is the only party expected to pay close to the "market value" for this parcel in order to own the land and building, fee-simple. The Agency will negotiate with the building owner directly in order to sell the building for a pre-determined minimum value.

The proceeds of the sale of the land will be used to pay the arbitrage rebate liability on the 2004 Tax Allocation Bonds.

2. **Downtown Parking Lots (7116 Rugby Avenue)** – The property, which is comprised of two adjacent parcels, currently serves as a small public parking lot located behind Pacific Boulevard. The total size for both parcels is 22,500 square feet, and the public parking lot includes 41 surface parking spaces.

The Agency recommends the sale of this property. The City is interested in purchasing these parcels to continue utilizing them as public parking. The City conveyed one of the two adjacent parcels to the former Redevelopment Agency via a Grant Deed Agreement dated January 12, 1982. The Grant deed stipulates that the parcel is to revert to the City on January 1, 2082. The second parcel was conveyed to the RDA by a private party via a Grant Deed dated December 7, 1981.

3. **Carmelita Site (6100-6114 Carmelita Avenue, 6126 Bear Avenue, 3806-3828 61st Street)** - The 80,855 square foot property is currently improved with twelve residential single-family and multi-family residential units. Eleven out of the twelve families that resided at the units were permanently relocated. The former RDA planned to develop the property with a residential project.

The Agency recommends the sale of this property. The appraised value for the property is \$1,515,000, which assumes that the property can be developed with 37 multi-family residential units in accordance with the current zoning for the property.

The Agency will solicit various proposals from potential buyers. After an initial review, three firms will be recommended to initiate more targeted discussions. JLL will negotiate with each firm and provide the best recommended use to the Agency.

The proceeds of the sale of the land will be used to pay outstanding principal on the Neighborhood Preservation Project loan – Item #5 of the Agency's approved ROPS.

4. **Southland Steel (5959-6169 S. Alameda Street)** – The 236,690 square foot property is considered a Brownsfield site with soil, soil vapor and groundwater contamination. The property is comprised of five adjoining parcels and is subject to a California Land Reuse and Revitalization Agreement with the Department of Toxic Substances Control, which sets forth a process for obtaining immunity for hazardous waste liability if remediation of the property is completed in accordance with the process specified in the Agreement. The RDA's objective was to develop the property with a commercial/retail or an automobile dealership project.

The Successor Agency recommends the sale of the property and utilize the proceeds from the sale to pay an arbitrage liability on the 2004 Tax Allocation Bonds. The appraised value for the property is \$4,735,000 as an industrial warehouse and \$6,155,000 as a commercial/retail property. The property has identified environmental contamination; the appraisal assumes a "clean" site. On May 4, 2012, the RDA completed a soil Removal Action Workplan which anticipates soil clean-up costs to be less than \$1,500,000. The Agency has performed environmental Phase I studies, soil sampling, and preliminary groundwater investigations but has not obtained a formal cost estimate for groundwater contamination.

The Agency will solicit various proposals from potential buyers/developers. Given that the parcel has contamination issues, it will require an effective "subsidy and therefore is expected to be sold below the appraised value.

The City has obtained two proposals for the sale of the property: one for retail development and another one for an automobile dealership project. JLL will solicit additional developer proposals. Upon the initial review of all competitive proposals, the Agency and JLL will negotiate with each firm and provide the best recommended use for the property.

A description and disposition strategies for of each these properties is provided in greater detail in the following sections.

Property #1 – Heritage Plaza

1. Date of acquisition and its value at that time and an estimated current value

The City purchased the parcel on May 3, 1972. Title reports including property profile reports did not provide information regarding the value of the property at the time of acquisition. Based on an appraisal report dated February 28, 2013, the estimated current value of the property is \$17,000.

2. Purpose for which property was acquired

The parcel was acquired for the development of retail/commercial and office space on Pacific Boulevard.

3. Parcel data for each property, including address, lot size and current zoning

APN: 6320-031-022

Size: 0.17 Acres

Address: 6325 Pacific Boulevard

Lot Size: 7,500 sq ft.

Zoning: Downtown Huntington Specific Plan, District B, which is a Mixed Use commercial/residential zone district. Primary uses include commercial retail, and office uses on the ground floor, with multiple family residential or office uses on upper levels. Development standards include a minimum 5,000 square feet and maximum development density of 70 dwelling units per acre.

4. Estimate of current value of parcel including any appraisal information

The current appraised value for the parcel of land was \$17,000, as of February 28, 2013. The parcel was leased to Ventra, Inc. for a 75-year period (\$100 per year), as an unimproved parcel of land.

5. Estimate of any lease, rental, or other revenues generated by the property and a description of the contractual requirements for disposition of those revenues

The City signed a 75-year lease for \$100 per year in 1983. There are 45 years remaining on the lease, which is currently held by Bolo Corporation. A copy of the lease is attached (Exhibit A)

Bolo Corporation is the building owner and legal entity that assumed the lease from Ventra, Inc., the original lessee.

6. History of environmental contamination or remediation efforts

There are no known environmental contamination issues.

7. Description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency

The property has potential for transit-oriented development. It is located within the City's downtown area and is close to public transit bus stations. Additionally, zoning for the property allows for high density mixed-use commercial and residential development projects.

The property is a 3-story brick building occupied by commercial and office uses. The City has already achieved its development objective with this site.

8. A brief history of previous development proposals and activities, including the rental or lease of property

The City granted a 75-year lease for \$100 per year in 1983 to Ventra, Inc., in order to provide an incentive for the developer to build on this empty parcel. The developer built a 3-story 13,476 square foot building with retail on the first floor and office use on the second floor.

9. Identify the use or disposition strategy the property

- a. Retained for governmental use
- b. Retained for future development
- c. Retained to fulfill an enforceable obligation
- d. Sell property

10. Outline your disposition strategy for this property

There are 45 years remaining on the term of the land lease; therefore, the appraised value of this property is \$17,000 – the discounted value of \$100 lease payments for 45 years, plus a terminal value. The market value for a similar-sized fee simple parcel of land along Pacific Boulevard would likely generate a much higher value (\$290,000).

Given the 45-year term remaining on the land lease, the current building owner, Bolo Corporation, is the only party expected to pay close to the "market value" for this parcel in order to own the land and building, fee-simple. The Agency and JLL

will negotiate with the building owner directly in order to sell the building for a pre-determined minimum value. The City is prepared to pay the appraised value (\$17,000) in the event that Bolo Corporation selects to not purchase the property.

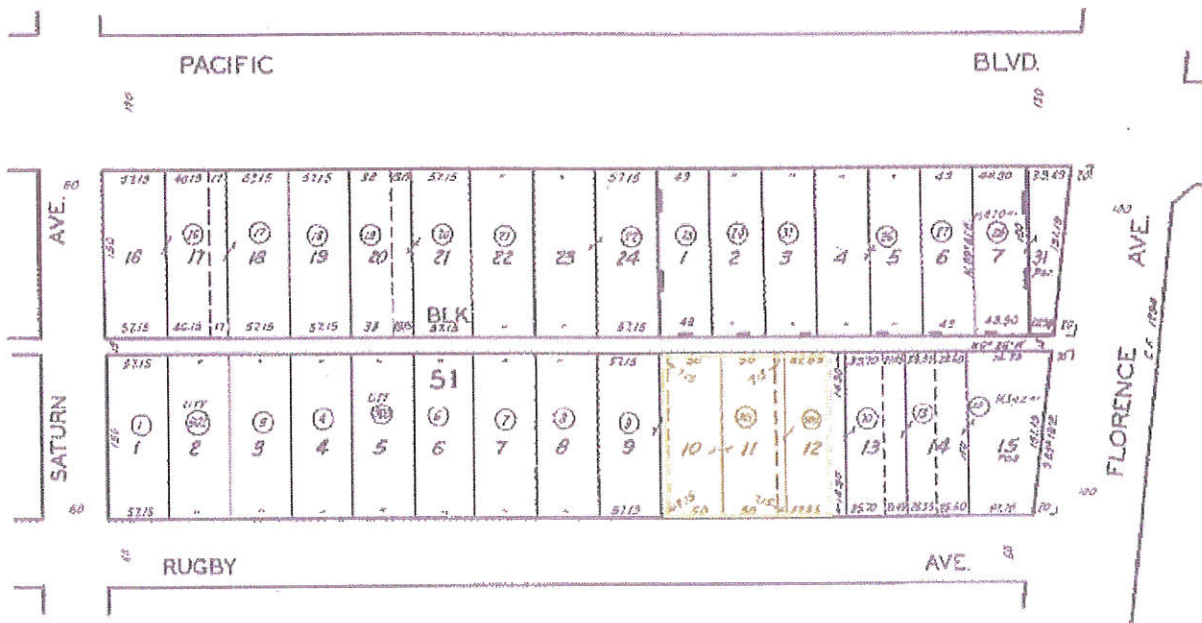
The proceeds of the sale of the land will be used to pay the arbitrage rebate liability on the 2004 Tax Allocation Bonds.

Property #2 – Downtown Parking Lots



322 23
ALE 1" = 80'

2004



CODE
589

HUNTINGTON PARK

M. B. 3 - 91

11: 500 series series
accession to Huntington
Agency, culture, other

Property #2 – Downtown Parking Lots

1. Date of acquisition and its value at that time, and an estimated current value

These parking lots are located in two adjacent parcels (APN 6322-023-901 and 904). The City conveyed one of the parcels (No. 901) to the former RDA via a Grant Deed Agreement dated January 12, 1982. This Grant Deed stipulates that Parcel 901 reverts to the City on January 1, 2082. The second parcel (No. 904) was conveyed to the RDA by a private party on December 7, 1981. Title reports including property profile reports did not provide information regarding the value of the property at the time of acquisition.

An appraisal report completed on March 4, 2013, estimates the property value at \$630,000. It is important to note that the appraised value does not take into account the reversionary clause stipulated on the Grant Deed Agreement for Parcel No. 901. Copies of the Grant Deeds are attached to this report (Exhibit B)

2. Purpose for which property was acquired

The parcel was purchased for public parking uses. The parcels are currently improved with 41 surface parking spaces.

3. Parcel data for each property, including address, lot size and current zoning

APNs: 6322-023-901 (15,000 square feet) and 6322-023-904 (7,500 square feet)

Size: 22,500 square feet

Address: 7116 Rugby Avenue

Zoning: Downtown Huntington Specific Plan, District C, which is a Mixed Use commercial/residential zone district. Primary uses include multiple family residential, commercial retail, and office uses on the ground floor, with multiple family residential or office uses on upper levels. Development standards include a minimum 5,000 square feet and maximum development density of 70 dwelling units per acre.

4. Estimate of current value of parcel including any appraisal information

The appraised value for the property is \$ 630,000 as of March 4, 2013. The value does not take into account the reversionary clause for Parcel 6322-023-901.

5. Estimate of any lease, rental, or other revenues generated by the property and a description of the contractual requirements for disposition of those revenues

This parcel currently serves as free public parking for shoppers and merchants in the City's downtown along Pacific Boulevard. Therefore, there are no lease or rental revenues generated by the parking lots.

6. History of environmental contamination or remediation efforts

There are no known environmental conditions.

7. Description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency

The City believes that this land parcel, located within the downtown area, presents an excellent opportunity for (affordable) housing development or other higher density mixed-use projects. The property is situated in proximity to public transit station bus stops and approximately one mile from the Blue Line light rail train station, which runs from downtown Los Angeles to Long Beach. In the event the property is developed, the City will require that these public parking lots be maintained as part of any future mixed-use development projects

8. A brief history of previous development proposals and activities, including the rental or lease of property

This property was originally purchased to provide additional parking spaces for shoppers and vendors for the City's downtown.

9. Identify the use or disposition strategy the property:

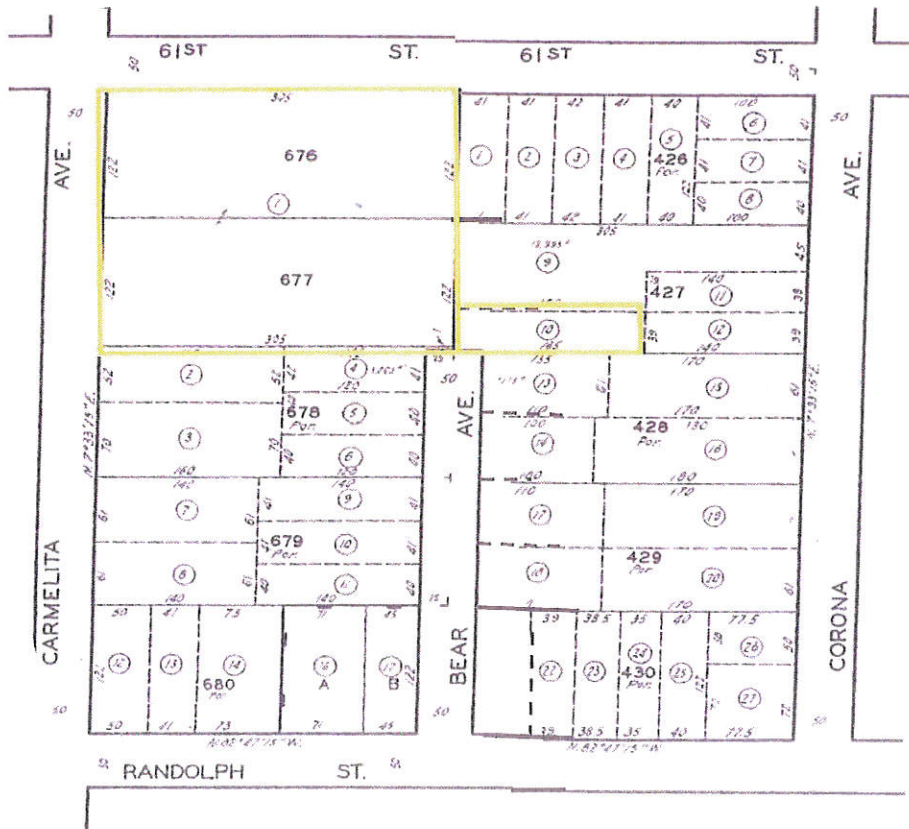
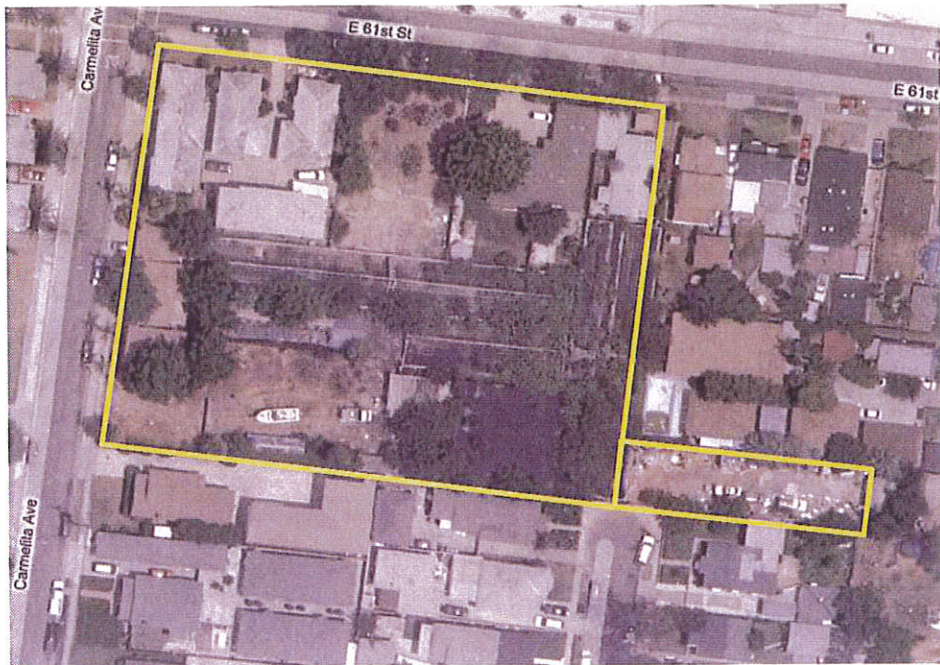
- a. Retained for governmental use
- b. Retained for future development
- c. Retained to fulfill an enforceable obligation
- d. Sell property

10. Outline your disposition Strategy for this property

The Agency proposes to sell the property. The City is interested in purchasing the property to continue utilizing it as its current use - public parking.

The proceeds of the sale of the land will be used to pay the arbitrage rebate liability on the 2004 Tax Allocation Bonds.

Property #3 – Carmelita



Property #3 – Carmelita

1. Date of acquisition and its value at that time, and an estimated current value

The former RDA purchased the property on April 13, 2011 for \$2,420,000. The estimated current value of the property is \$1,515,000 as of February 28, 2013.

2. Purpose for which property was acquired

The property was acquired for the development of a residential project

3. Parcel data for each property, including address, lot size and current zoning

APNs: 6318-028-900 and 6318-029-900

Address: 6100-6114 Carmelita Avenue, 6126 Bear Avenue, 3806-3828 61st Street

Size: 80,855 square feet (1.9 Acres)

Zoning: Property is located within the RH zone classification which permits single-family residential and low to high density multiple family residential development. Current Development Standards include the following – a) minimum lot size of 15,000 square feet, b) minimum street frontages of 100 feet and c) maximum building height of 45 feet. The maximum allowable development density is 20 units per acre or 1 unit per 2,178 square feet. The maximum lot coverage is 65%. Additionally, the zoning allows for two parking spaces per unit, plus one guest space for every three units.

4. Estimate of current value of parcel including any appraisal information

The appraised value of the property is \$1,515,000 as of February 28, 2013

5. Estimate of any lease, rental, or other revenues generated by the property and a description of the contractual requirements for disposition of those revenues

There are no lease or rental revenues generated by the property. The property is improved with twelve residential units and one large vacant/unimproved parcel. Eleven out of the twelve tenants were relocated.

6. History of environmental contamination or remediation efforts

The property is partially developed with single and multi-family residential structures, comprising of 12 residential dwelling units. A portion of the property consists of unimproved/vacant land which was formerly developed and used as a plant nursery. The former Redevelopment Agency conducted the following environmental assessments:

- Phase I, October 19, 2009 - Identified potential environmental concerns due to pesticides and herbicides used during the time that the nursery was in operation.
- Phase II, October 21, 2010 - Soil samples collected from the property found chlorinated herbicides and pesticides. The environmental assessment concluded that concentrations of these chemicals fell below the State of California Human Health Screening levels for residential properties and therefore, no further investigations were necessary.

7. Description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency

The zoning of the property permits single-family residential and low to high density multiple family residential development. The City believes that this land parcel has potential for a housing development project or other higher density multiple-family residential projects. The property is located within a residential neighborhood in proximity to public transit bus stops.

8. A brief history of previous development proposals and activities, including the rental or lease of property

In August 2008 the RDA solicited proposals from qualified residential private developers to develop a residential project on the site. On September 20, 2010,

the RDA entered into an Exclusive Negotiating Agreement with Gangi Development to negotiate the potential construction of a residential project. The Agreement with Gangi Development expired on September 20, 2011.

9. Identify the use or disposition strategy the property:

- a. Retained for governmental use
- b. Retained for future development
- c. Retained to fulfill an enforceable obligation
- d. **Sell property**

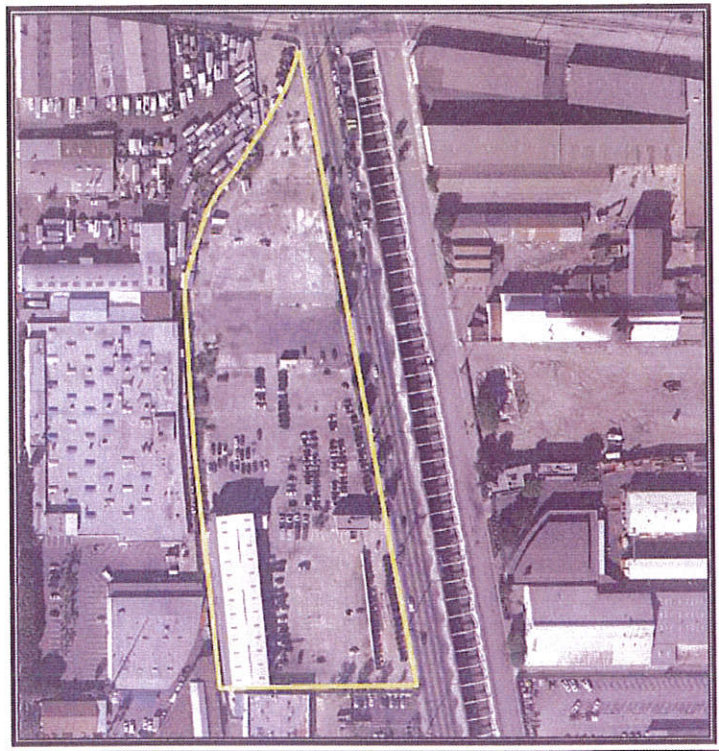
10. Outline your disposition Strategy for this property

The appraised value for the property is \$1,515,000, which assumes that the property can be developed with 37 multi-family residential units, in accordance with the current zoning for the property.

The Agency and JLL will solicit various proposals from potential buyers. After an initial review, JLL will recommend three firms to initiate more targeted discussions. JLL will negotiate with each firm and provide the best recommended use to the Agency.

The proceeds of the sale of the land will be used to pay outstanding principal on the Neighborhood Preservation Project loan – Item #5 of the Agency's approved ROPS.

Property #4 – Southland Steel



Property #4 – Southland Steel

1. Date of acquisition and its value at that time, and an estimated current value

The RDA purchased the property on March 22, 2005, for \$5,430,000. The estimated current value of the property is \$4,735,000 as an industrial warehouse (as of January 15, 2013); and \$6,155,000 as a commercial/retail property (as of March 18, 2013).

2. Purpose for which property was acquired

The property was purchased to develop a commercial/retail center or an auto dealership. The Redevelopment Agency's goal was to develop a project that would revitalize the area, stimulate economic growth, create new jobs for the community and increase the City's revenues.

3. Parcel data for each property, including address, lot size and current zoning

APN: 6009-033-900, 901, 902
6009-034-900, 901

Address: 5959-6169 South Alameda Street

Size: 236,690 square feet (5.43 Acres)

Zoning: The property is zoned as Commercial-General, which allows for general retail, professional uses, and service-oriented business activities serving a community-wide need under design standards that ensure compatibility with adjoining land uses. The maximum permitted FAR is 2:1.

4. Estimate of current value of parcel including any appraisal information

The appraised value for the property is \$4,735,000 as an industrial warehouse (as of January 15, 2013); and \$6,155,000 as a commercial/retail property (as of March 18, 2013).

5. Estimate of any lease, rental, or other revenues generated by the property and a description of the contractual requirements for disposition of those revenues

The RDA has a \$7,768 month-to-month lease agreement with Nicolas Alexander, owner of an adjacent BMW and Mini Cooper Auto dealership. Mr. Alexander leases approximately 94,000 square feet (2.15 acres) of the land for automobile storage inventory and employee parking. A copy of the lease agreement is attached (Exhibit C).

6. History of environmental contamination or remediation efforts

The property is considered a Brownsfield site with soil and groundwater contamination. A history of property uses include:

- Early 1900s: Fertilizer manufacturing facility owned by American Agricultural Chemical Company
- 1947-1971: Warehouse and steel manufacturing facility owned by Rawlins and subsequently by Lufkin Foundry
- 1971-2002 : Steel manufacturing facility owned by Southland Steel Company
- 2002-2005: Leased for industrial and office uses and owned by Fallon Family Trust
- 2005- Present: Property was purchased by former RDA in 2005. A portion of the land (approximately 94,000 square feet) is being leased to an adjacent auto dealership (Alexander BMW) for auto storage inventory and employee parking. Most of the buildings occupying the property were demolished in 2008, except for an automotive storage area and an office building on the south side of the property, currently leased by Alexander BMW.

The following Environmental Assessments have been performed at the site:

1. Phase I Assessment - Prior to the acquisition of the property, three Phase I Assessments were performed by Applied Environmental Technologies (July 2, 1999 and an update on September 10, 2001) and Assesco (October 1, 2004).
2. Soil samples were collected by All Phase in 2004
3. Soil Vapor Survey performed by All Phase in 2005

4. Removal of a 1,000-gallon underground storage tank (used for gasoline/waste oil) in 2007
5. Supplemental Site Investigations conducted by Pacific Edge in 2007, 2008 and All Phase in 2009

During the environmental investigation process, high levels of contaminants were detected in the soil, soil vapor and groundwater. A Site Characterization Report dated October 6, 2010, indicates that the contaminants of concern relate primarily to past use of the property as a steel manufacturing facility. Contaminants of concern found on the subject property include the following:

1. Soil
 - Volatile Organic Compounds (VOCs)
 - Semi-volatile Organic Compounds (SVOCs) and Polyaromatic hydrocarbons (PAHs)
 - Heavy metals
 - Polychlorinated biphenyls (PCBs)
 - Chlorinated pesticides
 - Total petroleum hydrocarbons
2. Soil Vapors
 - Volatile Organic Compounds
3. Groundwater
 - Volatile Organic Compounds
 - Heavy metals

On December 5, 2005 the Redevelopment Agency entered into a California Land Reuse and Revitalization Act (CLRRRA) Agreement with the Department of Toxic Substances Control (DTSC) to facilitate the environmental assessment, clean-up and re-use of the Southland Steel site. The CLRRRA Agreement allows the agency to receive immunity from environmental liability upon completion of remediation of the site.

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site. The SCR was completed and approved by DTSC on July 20, 2011.

2. **Removal Action Plan** – The Removal Action Plan serves to provide methods to remedy contamination issues in the soil, soil vapor and groundwater in a manner that is protective of human health and the environment.

The RDA completed a Removal Action Workplan for the shallow surface soil on May 4, 2012, which was subsequently approved by DTSC on May 10, 2012. The approved Plan describes the appropriate soil removal procedures for lead, arsenic, cadmium and polycyclic aromatic hydrocarbons. The projected cost for soil remediation is estimated to be less than \$1,500,000. Upon completion of soil remediation, the property may be utilized for commercial/industrial uses, provided that DTSC reviews and approves improvement plans.

The Agency included the cost to implement the Soil Removal Action Work Plan as obligation number 15 in ROPS III. However, the Department of Finance denied this item as an obligation.

Note: Removal Action Plans for the soil vapor and groundwater contamination have not been completed. Further groundwater investigations may be necessary.

7. **Description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency**

The property is not suitable for a transit-oriented development due zoning restrictions and environmental conditions.

8. **A brief history of previous development proposals and activities, including the rental or lease of property**

The City received two proposals to purchase and develop the property. One proposal includes the development of commercial/retail project, and another proposal includes the expansion of an adjacent BMW and Mini Cooper dealership.

9. **Identify the use or disposition strategy the property:**

- a. Retained for governmental use
- b. Retained for future development
- c. Retained to fulfill an enforceable obligation
- d. **Sell property**

10. Outline your disposition Strategy for this property

The Agency proposes to sell the property. The sale of this property may be more difficult given the complexity of the environmental issues involved. Staff does not propose to sell the property "as-is" to the highest bidder through an auction or RFP process, but rather the process will likely require a concentrated marketing effort to a few interested parties involving the Agency's broker and City staff.

The appraised value for the property is \$4,735,000, as an industrial warehouse and \$6,155,000 as a commercial/retail property. The property has identified environmental contamination and the appraisal values assume a "clean" site. Based on the Removal Action Workplan for the soil dated May 4, 2012, the cost for soil clean-up is estimated to be less than \$1,500,000.

JLL will solicit various proposals from potential buyers/developers. Given that the parcel is not located in a traditional retail location, it will require an effective "subsidy" and is expected to be sold below the appraised value.

The City has obtained two proposals for the sale of the property one for retail development and another for an auto dealership. JLL will solicit additional developer proposals. Upon the initial review with the Agency of all competitive proposals, JLL will negotiate with each firm and provide the recommended best use to the Agency.

The proceeds of the sale of the land will be used to pay the arbitrage rebate liability on the 2004 Tax Allocation Bonds.

Attachments

- Exhibit A – Lease Agreement for Property #1
- Exhibit B – Grant Deeds for Property #2
- Exhibit C – Lease Agreement for Property #4

City of Huntington Park Successor Agency - Property Description

1	Property Name	Heritage Plaza	Rugby Avenue Parking Lots	Carmelita Site	Southland Steel
2	Property Type	Commercial	Parking Lot - 41 spaces	Residential and vacant land	Vacant lot/land
3	Permitted Use	Commercial/Residential	Commercial/Residential	Residential	Commercial
4	Acquisition Date	5/3/1972	6/12/1982	4/13/2011	3/22/2005
5	Value at Time of Purchase	Not available	Not Available	\$2,420,000	\$5,430,000
6	Estimated Current Value	\$17,000	\$630,000	\$1,515,000	\$4,700,000 Manufacturing \$6,155,000 Commercial ("as if clean")
7	Value Basis	Appraised	Appraised	Appraised	Appraised
8	Date of Estimated Current Value	2/28/2013	3/4/2013	2/28/2013	1/11/2013
9	Proposed Sale Value	TBD	TBD	\$1,515,000	TBD
10	Proposed Sale Date	TBD	TBD	TBD	TBD
11	Acquisition Purpose	Commercial	Public parking lots	Residential development	Auto dealership and/or commercial development
12	Address	6325 Pacific Blvd	7116 Rugby Avenue	6126 Bear Avenue 6100-6114 Carmelita Ave 3806-3828 61st Street	5959-6169 S. Alameda St.
13	APN #	6320-031-022	6322-023-901 6322-023-904	6318-028-900 6318-029-900	6009-033-900 6009-033-901 6009-034-900 6009-034-901 6009-033-902
14	Lot Size	7,500 sq ft/0.17 ac	22,500 sq. ft/0.51	80,855 sq. ft/1.86 ac	236,690 sq ft/5.43 ac
15	Current Zoning	Central Business District/ Residential	Central Business District/ Residential	High Density Residential Max units 20 du/ac	Commercial
16	Estimate of Income/Revenue	\$100/year	\$0	\$0	\$7,768/month

Exhibit A

Lease Agreement – Property #1

When recorded mail to:
Ventra, Inc.
2350 E Florence Ave Ste 200
Downey, CA 90240

83- 612043

GROUND LEASE

THIS GROUND LEASE is made and entered into this 1st day of June, 1983.

by and between HUNTINGTON PARK REDEVELOPMENT AGENCY, a public body, corporate and
politic

herein collectively referred to as "Lessor", and

VENTRA INCORPORATED, a California corporation

herein collectively referred to as "Lessee":

FEE \$8	M
5	

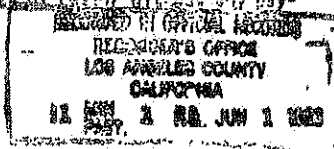
W I T N E S S E T H :

Lessor does hereby grant, demise and let to Lessee, and Lessee does hereby hire and lease from Lessor the realty set forth and described on EXHIBIT "A" attached hereto which is incorporated herein by reference.

Such leasing shall be upon the following terms and conditions:

1. **TERM.** The term of this lease shall be for a period of Seventy-Five (75) years commencing June 1, 1983.
2. **RENTAL.** Lessee agrees to pay to Lessor rental for the demised premises as set forth in EXHIBIT "B" attached hereto which is incorporated herein by reference.
3. **TAXES AND ASSESSMENTS.** Lessor agrees to pay all taxes which are a lien on the demised premises at the commencement of the term hereof as well as all assessments, whether or not a lien, owing or payable to any public or quasi-public authority for any street improvement or sewer or utility installation existing at the same time of the commencement of said term. Lessee agrees to pay all real estate taxes and all assessments for any street improvement or sewer or utility installed subsequent to the commencement of said term that are required to be paid by the owner or user of said property by any public or quasi-public authority during the said term of this lease.
4. **LESSOR'S TITLE.** Lessor represents and warrants that Lessor is the owner in fee simple of the demised premises and that the condition of Lessor's title is such that a title insurance company selected by Lessee, will upon application of Lessee, and at Lessee's sole cost and expense, issue an American Land Title Lender's Leasehold Policy of Title Insurance and/or an A.L.T.A. Loan Policy with extended benefits showing title to the demised premises to be vested in Lessor free and clear of everything and subject only to this lease and insuring Lessee's leasehold estate created hereunder to be free from clouds or defects or prior rights of any kind and insuring the construction loans, if any, referred to elsewhere herein to be first liens. Should this representation not be true, Lessor agrees to forthwith place the condition of Lessor's title in such form as to enable Lessee to secure such a policy of title insurance as above described from the title insurance company selected by Lessee, and all times and dates elsewhere stated in this lease requiring any act by Lessee and the term of this lease shall be extended by the time that Lessor's title is not in such condition.
5. **USE AND ZONING.** It is agreed that Lessee is leasing the demised premises primarily for the purpose of constructing stores, offices, and commercial buildings thereon from time to time in configuration and placement to the best economic advantage of Lessee. While Lessee intends initially to construct a building for lease to a specified tenant or tenants, the term of this lease will extend beyond the term of such initial sub-leases, and consequently Lessee shall have the right throughout the whole term of this lease to construct, alter, demolish and/or remove any improvement that may at any time exist upon the demised premises and/or may construct other or different buildings thereon at any time, and such improvements shall be deemed to be personal property. However, Lessee agrees that upon the expiration of the full term of this lease set forth in Paragraph 1 hereof, Lessee will not remove or demolish any improvement then existing on the demised premises and the same shall then become the property of Lessor without any payment therefor.

RECORDEN'S MESSOR
FOUR RECORD IS DUE TO
QUALITY OF ORIGINAL DOCUMENT



hereunder does so elect to terminate this lease and does quitclaim to Lessor its interest in said improvements, then Lessee shall not thereafter be liable for further rent or otherwise under this lease, and Lessor agrees to accept said improvements and in such event any lender that is the holder of an unpaid balance of a loan made for the purpose of financing or refinancing the construction of improvements upon Lessor's land which are so conveyed to Lessor shall have a lien upon said land and improvements until the same has been paid, which lien may be enforced in the manner provided by law for enforcing mortgages in the State where the demised premises are located.

9. **CONSTRUCTION AND/OR IMPROVEMENT FUNDS.** It is agreed that from time to time Lessee may borrow funds for construction and for improvement of the demised premises from a lender or lenders, and that if such loan or loans were not repaid and this lease were cancelled for any reason, this would constitute unjust enrichment of Lessor who would thereby secure such improvements as additions to Lessor's land without paying therefor. Lessor therefore does hereby agree that the demised premises may be hypothecated by Lessee by customary mortgage or trust deed as security for the repayment of such loans providing (a) said loans are made with an institutional lender and (b) such loans are made for the purpose of constructing buildings on and/or improving the demised premises or to refinance, change the terms of or substitute lenders on any loan theretofore made for said purposes, and (c) such loans bear rates of interest prevailing at the time, and (d) such loans are repayable in full within the term of this lease. Lessor agrees that he (it) will upon the request of Lessee execute and/or consent to any such mortgage or trust deed if required by the Lender, but in such event such mortgage or trust deed shall provide that it shall not constitute a personal obligation of Lessor, but shall merely hypothecate the demised premises as security for the repayment of the debt.
10. **DEVELOPER AGREEMENT A PART.** "It is further agreed by and between the parties hereto that the terms, covenants, contained in the Developer Agreement executed by and between said parties hereto, dated May 3, 1962, are incorporated herein, and by this reference made apart hereof".
11. **NOTICE.** Any notice under this lease may be given by certified or registered mail addressed as follows: To Lessor, addressed to the place where the last rent check was sent; to Lessee, at its principal place of business. Either party may by notice in writing designate another address for mailing of notices. Any such notice shall be deemed to have been given when deposited in the United States Mail, postage prepaid.
12. **RIGHT OF FIRST REFUSAL & OPTION TO PURCHASE.** Should Lessor at any time be willing to accept any bona fide offer made by any third person to purchase the demised premises subject to this lease and the option to purchase granted Lessee herein, Lessee shall have the right of first refusal.
13. **GENERAL PROVISIONS.** Wherever in this lease more than one person or entity is included under the term "Lessor", or "Lessee", such designation and all references thereto shall be deemed to be in the plural and the promises and undertakings of said persons shall be joint and several. The provisions of this agreement shall be binding upon the heirs, devisees, grantees and assigns of the parties.
14. **SPECIAL PROVISIONS (if any),** are attached hereto, marked EXHIBIT "C" and incorporated herein by reference.

IN WITNESS WHEREOF, the parties hereto have set their hands and seal the day and year first above written.

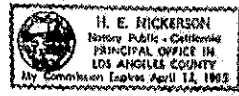
WASHINGTON FREE DEVELOPMENT x Landco, Inc.
for Thomas P. Johnson, Chairman by Douglas J. Johnson, Sec.
by Michael A. Smith, Secretary by [Signature]

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) SS

On June 1, 1983, before me, the undersigned, a Notary Public in and for said State, personally appeared THOMAS E. JACKSON, proven to me on the basis of satisfactory evidence to be the Chairman, and MICHAEL A. MARTIN, proven to me on the basis of satisfactory evidence to be the Secretary of the Huntington Park Redevelopment Agency whose name is subscribed to the within instrument and acknowledged to me that the Huntington Park Redevelopment Agency executed the same pursuant to a resolution of its members.

WITNESS my hand and official seal.

H. E. NICKERSON



70-449 C
(Corporation)

STATE OF CALIFORNIA)
COUNTY OF Los Angeles) SS.

On June 1, 1983 before me, the undersigned, a Notary Public in and for said State, personally appeared Nickie A. Schubert known to me to be the President, and Spencer W. Harrison known to me to be the Secretary of the corporation that executed the within instrument in behalf of the corporation therein named, and acknowledged to me that such corporation executed the within instrument pursuant to its by-laws or a resolution of its board of directors.

WITNESS my hand and official seal.

Signature: Kris M. Kobriger
KRIS M. KOBRIGER
Name (Typed or Printed)



174th Ave. for 1984-1985

83- 612083

4

EXHIBIT "A"

Lot 17, Block 31 of Huntington Park Tract, in the city of Huntington Park, in the county of Los Angeles, state of California, as per map recorded in Book 3, Page 91 of Maps, in the office of the county recorder of said county.

EXHIBIT "B"

Rent on said parcel is \$100 per year.

EXHIBIT "C"

In accordance with the Developer Agreement made by and between the Huntington Park Redevelopment Agency (Agency) and Ventrone Incorporated (Developer) dated May 3, 1982.

- 2
6. **ASSIGNMENT OF LESSEE'S INTEREST.** Lessee may freely assign, transfer or hypothecate its rights under this lease as security for the repayment of any debt contracted by Lessee or otherwise. No trustee under a deed of trust, or mortgage, or assignee, or holder of any rights under this lease by way of security for the repayment of indebtedness shall, by reason thereof, become bound or be bound personally under this lease, until and unless it becomes the absolute owner of the leasehold estate and interest of Lessee under this lease by foreclosure or otherwise and voluntarily substitutes itself as Lessee hereunder. Any holder of any indebtedness or any lender that has or proposes to take an assignment or hypothecation of Lessee's interest hereunder as security for the repayment of such indebtedness may give notice in writing thereof to the Lessor, and thereafter so long as any portion of such indebtedness remains unpaid, such holder shall be entitled to receive a copy of any notice given by Lessor to Lessee before such notice shall be deemed to have been given under any other provision of this lease. Notwithstanding anything in this lease contained, no notice of default or other action to declare a default or to terminate the rights of Lessee hereunder shall be effective to terminate this lease for any claimed default unless and until the holder of such indebtedness shall have been given notice and opportunity within the period prescribed in this lease and for additional thirty(30) days thereafter to take such action or to make such payment as may be necessary to cure the specified default to the same extent and with the same effect as though done by Lessee within the time required of Lessee. For any claimed default in the payment of rent the holder of such indebtedness may pay the same within 30 days after any forfeiture of Lessee's interest under this lease and thereby relieve and redeem from such forfeiture. For any claimed default other than the payment of rent as above stated, the holder of such indebtedness may within 30 days after forfeiture of Lessee's interest under this lease commence whatever action is necessary to cure the default which shall thereby relieve and redeem from such forfeiture, provided that such action is prosecuted diligently to completion. In the event that any claimed default is disputed by Lessee, or in the event of any litigation between Lessor and Lessee, the holder of any such indebtedness shall have the right: (a) If the dispute concerns the payment of rent, to pay the disputed amount to Lessor within the time otherwise provided for herein, which Lessor agrees to refund if the final determination of such dispute is adverse to Lessor; and/or (b) If the dispute concerns any thing other than the payment of rent, the holder of such indebtedness shall have until 30 days after the final determination of such dispute within which to commence to cure such default and thereafter prosecute the same with diligence.
7. **LIABILITY INSURANCE.** Lessee agrees that it will at all times during the term of this lease cause its sub-leases to maintain in force public liability and property damage insurance with a recognized insurance company authorized to transact business within the State where the leased premises are located. Said policy or policies shall cover accident to any one person in the sum of \$100,000.00 and to more than one person in any one accident in the sum of \$300,000.00 and damage to property in the amount of \$50,000.00.
8. **CONDEMNATION.**
- A. In the event there is any condemnation of any portion of the devised land or improvements located thereon, each party shall be entitled to make claim for compensation independently of the other in such amount as each respective party may be damaged by such taking.
 - B. In the event there is any taking of any portion of the devised land by condemnation, and this lease is not terminated, there shall be a proportionate reduction in the rent required to be paid hereunder.
 - C. It is agreed that Lessee is leasing the land covered hereby for the purpose of constructing buildings and improvements thereon for lease to sub-tenants and that: (i) Lessee will borrow funds therefor from lenders, and (ii) The sub-leases between Lessee and the sub-tenants will provide that the sub-tenants may elect to terminate their leases in the event that a certain portion, (usually twenty percent (20%) or more of either land or improvements) is taken by condemnation.
 - D. It is further agreed that should there be such a taking by condemnation which takes so much of either land or improvements so as to entitle a sub-tenant to cancel its lease and should a substantial sub-tenant by reason thereof elect to terminate its sub-lease, Lessee hereunder may elect to terminate this lease and quitclaim to Lessor all of Lessee's interest in and to the improvements upon said land. In the event Lessee

Ventra, Inc

8350 East Florence Avenue

Downey, California 90240

213/862-4221

DEVELOPERS AND BUILDERS

To: Jack
For action

February 11, 1988

JIM FUNK
Huntington Park Redevelopment Agency
6550 Miles Ave.
Huntington Park, CA 90255

RE: Heritage Plaza
6325 Pacific Blvd.
Huntington Park

Dear Jim:

Ventra is selling Heritage Plaza to Bolo Corporation, including an assignment of the ground lease.

We have prepared an assignment of ground lease and consent to be executed by us and the Agency, which we have signed and are enclosing for signature by the Agency.

Also enclosed is a \$400 check for lease payments for the period 6/1/84 to 5/31/88. Sorry for having over looked it, but it will now be kept current, since Bolo will set it up for automatic payment on its computer for June 1 of each year.

Does the assignment have to go before an Agency meeting and should I be there? Please let me know. Thanks.

Sincerely,

VENTRA, INC.



Nick Shubin

NS:dp

Enclosure

cc: Spencer Austrian

VENEA - Ofc. File

(No Fee)

When recorded mail to:
Farmers & Merchants Office # 2
Security Pacific National Bank
P. O. Box 2177, Terminal Annex
Los Angeles, California 90017
Attention: Richard J. Veerman, V.P. & Mgr.

(Above space for Recorder's use.)

CONSENT TO ASSIGNMENT OF LEASE BY DEED OF TRUST

The undersigned, Huntington Park Redevelopment Agency

as Lessor under Lease dated June 1, 1983, covering the
following described real property in the County of Los Angeles,
State of California, to wit:

Lot 17 in Block 31 of Huntington Park, in the City of Huntington Park,
as per map recorded in Book 3, Page 91 of Maps, in the office of the
County Recorder of said County.

does hereby consent to the assignment by the Lessee under said Lease
of the leasehold estate thereunder by Deed of Trust dated January 14, 1985
1/9, (hereinafter referred to as "the trust deed"), in favor of
SECURITY PACIFIC NATIONAL BANK, a National Banking Association
(hereinafter called "Assignee"), to secure a Note in the principal
sum of \$ 468,000.00 and other obligations set forth in the trust
deed, which trust deed is recorded concurrently herewith in the
Office of the County Recorder of Los Angeles County, Calif-
ornia. The foregoing consent is made and accepted upon and subject
to the following covenants and conditions, to wit:

(a) That except as herein otherwise provided, the trust
deed, and all rights now or hereafter acquired thereunder,
are and shall be subject to each and all of the covenants,
conditions and restrictions set forth in said Lease, and
to all rights and interests of Lessor therein, none of which
is or shall be waived by this consent;

(b) In the event of any conflict between the provisions of
this Lease and the provisions of any such trust deed, the
provisions of this lease shall control;

(c) The prior written consent of Lessor shall not be required;

(1) To a transfer of this Lease at foreclosure sale
under the trust deed; or

(2) To any subsequent transfer by the encumbrancer
if the encumbrancer is an established bank,
savings and loan association or insurance company,
and is the purchaser at such foreclosure sale;

provided that in either such event the encumbrancer forthwith gives
notice to the Lessor in writing of any such transfer setting forth
the name and address of the transferee, the effective date of such
transfer and the express agreement of the transferee assuming and
agreeing to perform all of the obligations under this Lease, together
with a copy of the document by which such transfer was made.

(d) Assignee shall assume the obligations of the Development
Agreement and lease as well as assuming the rights at the time
of curing default.

(No Fee)

Any transferee under the provisions of subparagraph (c) above shall be liable to perform the obligations of the Lessee under this Lease only so long as such transferee holds the title to the leasehold. Any subsequent transfer of the leasehold hereunder shall not be made without the prior written consent of the Lessor and shall be subject to the conditions relating thereto as set forth in Article ____.

Lessor agrees that it will not terminate this Lease because of any default or breach hereunder on the part of Lessee if the encumbrancer or the trustee under such deed of trust, within sixty (60) days after service of written notice on the encumbrancer by Lessor of its intention to terminate this Lease for such default or breach, shall

- (1) Cure such default or breach if the same can be cured by the payment or expenditure of money provided to be paid under the terms of this Lease, or if such default or breach is not so curable, cause the trustee under the trust deed to commence and thereafter to diligently pursue to completion steps and proceedings for the exercise of the power of sale under and pursuant to the trust deed in the manner provided by law, and
- (2) Keep and perform all of the covenants and conditions of this Lease requiring the payment or expenditure of money by Lessee until such time as said leasehold shall be sold upon foreclosure pursuant to the trust deed or shall be released or reconveyed thereunder;

provided, however, that if the holder of the trust deed shall fail or refuse to comply with any and all of the conditions of this paragraph, then and thereupon Lessor shall be released from the covenants of forbearance herein contained.

Any notice to the encumbrancer provided for in this paragraph may be given concurrently with or after Lessor's notice of default to Lessee.

Dated: January 14, 19 85.

HUNTINGTON PARK REDEVELOPMENT AGENCY

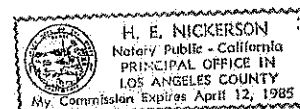
By James G. Funk
By Michael A. Roth (Secretary)

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES)

On January 14, 1985, before me, the undersigned, a Notary Public in and for said State, personally appeared James G. Funk, proven to me on the basis of satisfactory evidence to be the Executive Director, and Michael A. Martin, proven to me on the basis of satisfactory evidence to be the Secretary of the Huntington Park Redevelopment Agency, the Agency whose name is subscribed to the within instrument, and who acknowledged to me such Agency executed the same pursuant to its by-laws and a resolution of its members.

WITNESS my hand and official seal.

H. E. Nickerson



ASSIGNMENT OF GROUND LEASE
AND CONSENT THERETO

For valuable consideration, receipt of which is acknowledged, the undersigned, Ventra, Inc., a California Corporation, hereby assigns, transfers and conveys to Bolo Corporation, a California corporation, all of its rights, title and interest in and under that certain ground lease dated June 1, 1983 between the Huntington Park Redevelopment Agency, a public body, corporate and politic, as LESSOR and Ventra, Inc. (named in said lease as Ventra Incorporated) as LESSEE, which lease was recorded June 1, 1983 in the office of the recorder of Los Angeles County as instrument number 83-612083. Said lease covers Lot 17, Block 31 of Huntington Park Tract in the city of Huntington Park, county of Los Angeles, state of California.

Dated January 26 1988

VENTRA, INC.

By: Nick Shubin
Nick Shubin, President

By: Donna Shubin
Donna Shubin, Secy.

The undersigned, Huntington Park Redevelopment Agency consents to the above assignment and states that said lease is in full force and effect, and that there has been no default thereunder.

Dated MARCH 16, 1988

HUNTINGTON PARK REDEVELOPMENT
AGENCY

By: Jim Kottick
By: Berry B. Lyman

STATE OF CALIFORNIA

COUNTY OF Los Angeles } ss

On JANUARY 26, 1988, before me, the undersigned
Notary Public in and for said State, personally appeared
Nick Shubin and
Donna Shubin

personally known to me or proved to me on the basis of satisfactory
evidence to be the person(s) who executed the within instrument as the
____ President and as the _____ Secretary
on behalf of the corporation therein named and acknowledged to me
that such corporation executed the within instrument pursuant to its
by-laws or a resolution of its board of directors.

Signature Dorothy L. Pemberton
Dorothy L. Pemberton

FOR NOTARY SEAL OR STAMP

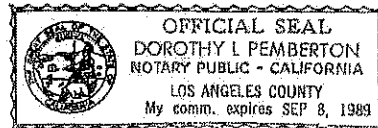


Exhibit B

Grant Deeds – Property #2

RECORDING REQUESTED BY

FIRST NATIONAL TITLE CO.

82-1

32552

AND WHEN RECORDED MAIL TO

Huntington Park Redevelopment Agency
6550 Miles Avenue
Huntington Park, Ca. 90255
Attention: James G. Funk
Executive Director

RECORDED IN OFFICIAL RECORDS
OF LOS ANGELES COUNTY, CA

JAN 12 1982 AT 8 A.M.

Recorder's Office

FREE B

MAIL TAX STATEMENTS TO

NO TAX STATEMENT

FREE RECORDING REQUESTED: Essential to acquisition
by Huntington Park Redevelopment Agency
See Government Code Section 6103.

SPACE ABOVE THIS LINE FOR RECORDER'S USE

Corporation Grant Deed

THIS FORM FURNISHED BY TIGOR TITLE INSURERS

A.P.N. 6322-023-901

The undersigned grantor(s) declare(s):

Documentary transfer tax is \$ None

() computed on full value of property conveyed, or

() computed on full value less value of liens and encumbrances remaining at time of sale.

() Unincorporated area: (X) City of Huntington Park, and

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged.

CITY OF HUNTINGTON PARK

municipal

a corporation organized under the laws of the State of California

hereby GRANTS to

HUNTINGTON PARK REDEVELOPMENT AGENCY, A public body corporate and politic,

the following described real property in the City of Huntington Park
County of Los Angeles, State of California:

The South 50 feet of Lot 10 and the North 50 feet of Lot 11,
Block 51, of Huntington Park Tract, as per map recorded in
Book 3, Page 91 of Maps, in the office of the County Recorder
of said County.

This deed is made upon the express condition that the above-
described real property, and all improvements thereon, shall
revert to the City of Huntington Park, a municipal corporation,
on January 1, 2002, and the signature of the Grantee is affixed
hereto to acknowledge its consent and agreement to said right of
reversion of said City, as Grantor.

In Witness Whereof, said corporation has caused its corporate name and seal to be affixed hereto and this instru-
ment to be executed by its Mayor President and City Clerk Secretary

thereunto duly authorized.

Dated: January 4 1982

STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

On January 4 1982, before me, the under-

signed Notary Public in and for said State, personally appeared

Herbert A. Hennes, Jr., known

to me to be the Mayor, President, and

Marilyn A. Boyette, known to me to be

City Clerk Secretary of the Corporation that executed the

within instrument, known to me to be the person who executed the

within instrument on behalf of the Corporation therein named, and

acknowledged to me that such Corporation executed the within instru-

ment pursuant to a resolution of its Board of Directors.

WITNESS my hand and official seal.

Signature La Verne N. Jones

LA VERNE N JONES

CITY OF HUNTINGTON PARK

By Herbert A. Hennes, Jr. Mayor

By Marilyn A. Boyette City Clerk

HUNTINGTON PARK REDEVELOPMENT AGENCY

By



(This area for official notarial seal)

Title Order No. 22901-2

Easement or Lien No.

MAIL TAX STATEMENTS AS DIRECTED ABOVE

6322-23-501

CERTIFICATE OF ACCEPTANCE

THIS IS TO CERTIFY THAT THE INTEREST IN REAL PROPERTY CONVEYED
BY THE DEED OR GRANT DATED January 4, 1982

FROM: CITY OF HUNTINGTON PARK, a municipal corporation

TO THE CITY OF HUNTINGTON PARK REDEVELOPMENT AGENCY, IS HEREIN
ACCEPTED BY ORDER OF THE REDEVELOPMENT AGENCY ON January 4, 1982
AND THE GRANTEE CONSENTS TO RECORDATION THEREOF BY ITS DULY
AUTHORIZED OFFICERS.

DATED: January 4, 1982

BY:

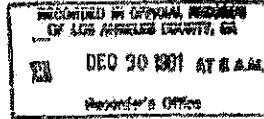
James G. Funk
Executive Director of the
Huntington Park Redevelopment
Agency

82- 32852

6322-023-904

ORIGINAL
 Record No. 6322-23-11
 A.P. No. 6322-23-11
 Subject: CDD
 Title Order: 22508 First National Title

81-1274389
 81-1274389



RECORDING REQUESTED BY:

WHEN RECORDED MAIL TO:

HUNTINGTON PARK REDEVELOPMENT AGENCY
 6330 Miles Ave.,
 Huntington Park, CA 90255

FREE RECORDING REQUESTED - Pertinent
 to acquisition by Huntington Park
 Redevelopment Agency - Gov't Code 6103

GRANT DEED

DOCUMENTARY STAMPS: NONE

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged.

MANUEL C. MARTINEZ and CONCHA MARTINEZ

FREE 1

hereby grant to the HUNTINGTON PARK REDEVELOPMENT AGENCY, a public body, corporate and politic, the following described real property in the City of Huntington Park, County of Los Angeles, State of California:

Lot 12 and the South 7.15 of Lot 11, in Block 51 of the Huntington Park Tract, as per map recorded in Book 3, page 91 of Maps, in the office of the County Recorder of said County;

EXCEPTING THEREFROM the South 16.30 feet of said Lot 12.

ALSO EXCEPTING and reserving to the Grantor herein, his heirs and assigns, all oil, oil rights, natural gas, natural gas rights, and other hydrocarbons, by whatever name known, and all other minerals and mineral rights, whether or not similar to those herein mentioned, below a depth of five hundred (500) feet; provided that Grantor shall not have the right of surface entry to drill, mine, explore or otherwise operate upon, in or through the land herein conveyed in the exercise of the herein a. opted and reserved rights.

It is understood and agreed that the property conveyed by this Grant Deed includes all fixtures and equipment which are, either generally or for purposes of acquisition by Grantee, a part of the real property described above, specifically including but limited to the list of improvements pertaining to the Realty (fixtures and equipment) attached hereto as Exhibit "A" and incorporated herein as a part of this Grant Deed.

Grantor, for himself, his heirs, representatives and assigns, covenants and warrants that: (1) Grantor is the sole owner of the itemized improvements pertaining to the Realty conveyed by this Grant Deed free from all liens and encumbrances, and (2) Grantor will defend the title and quiet enjoyment of the real property described above, including improvements pertaining to the Realty, against all demands and claims of all persons.

Dated: December 7, 1981

Manuel C. Martinez
 Manuel C. Martinez
Concha Martinez
 Concha Martinez

6322-23-11

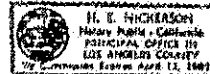
STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss

2

On December 7, 1981, before me, the undersigned, a Notary Public in and for said State, personally appeared MANUEL G. MARTINEZ and CONCHA MARTINEZ, known to me to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same

Witness my hand and official seal.

Signature: H. E. Nickerson
H. E. Nickerson



OWNERS: Manuel G. Martinez and Concha Martinez
ADDRESS: 7116 Rugby Avenue, Huntington Park, CA

CERTIFICATE OF ACCEPTANCE

THIS IS TO CERTIFY THAT THE INTEREST IN REAL PROPERTY CONVEYED BY THE DEED OR GRANT DATED DECEMBER 7, 1981 FROM MANUEL G. MARTINEZ AND CONCHA MARTINEZ TO THE HUNTINGTON PARK REDEVELOPMENT AGENCY, IS HEREBY ACCEPTED BY ORDER OF THE REDEVELOPMENT AGENCY ON DECEMBER 7, 1981, AND THE GRANTEE CONSENTS TO THE RECORDATION THEREOF BY ITS DULY AUTHORIZED OFFICERS

DATED December 7, 1981

By: James G. Funk
Executive Director of the
Huntington Park Redevelopment
Agency

81- 1274389

OWNERS: Manuel G. Martinez and Concha Martinez
ADDRESS: 7114 Rugby Avenue, Huntington Park, California

IMPROVEMENTS PERTAINING TO THE REALTY

Lot 7,500 square feet of asphalt paving
24 Concrete parking buspers

EXHIBIT "A"

81- 1274389

ASSESSOR'S MAP
COUNTY OF LOS ANGELES, CALIF.

Exhibit C

Lease Agreement – Property #4

LEASE

(General Form)

1. PARTIES:

This Lease is made and entered into this 26th day of February, 2003, by and between
Robert Fallon c/o Southland Steel (hereinafter referred to as "Landlord")
and Nick Alexander (hereinafter referred to as "Tenant").

2. PREMISES:

Landlord hereby leases to Tenant and Tenant hereby leases from Landlord, on the terms and conditions hereinafter set forth, that certain real property and the building and other improvements located thereon situated in the City of
Los Angeles, State of Calif., commonly known as 6161 S. Alameda Street

(INSERT ADDRESS HERE)

and described as The approximate southernmost 15,000 sq. ft. portion of an industrial building
(said real property is hereinafter called the "Premises").

(INSERT LEGAL DESCRIPTION HERE)

together with a portion of land to the south (See Exhibit "A").

3. TERM:

The term of this Lease shall be for Ten (10) months commencing on March 1, 2003
and ending on December 31, 2003

4. RENT: for ten (10) month period

Tenant shall pay to Landlord as rent for the Premises, the sum of Fifty thousand dollars and 00/100
(\$ 50,000.00) dollars per month, in advance on the first day of each month during the term hereof. Rent shall be payable without notice or demand and without any deduction, off-set, or abatement in lawful money of the United States to the Landlord at the address stated herein for notices or to such other persons or such other places as the Landlord may designate to Tenant in writing. (See Paragraph #19).

5. TAXES:

(a) Real Property Taxes.

Landlord shall pay all real property taxes and general assessments levied and assessed against the Premises during the term of this Lease.

(b) Personal Property Taxes.

Tenant shall pay prior to the delinquency all taxes assessed against and levied upon the trade fixtures, furnishings, equipment and other personal property of Tenant contained in the Premises.

6. UTILITIES: (See Paragraph #21).

Landlord ~~Tenant~~ shall make all arrangements and pay for all water, gas, heat, light, power, telephone and other utility services supplied to the Premises together with any taxes thereon and for all connection charges.

7. ALTERATIONS AND ADDITIONS:

Tenant shall not, without the Landlord's prior written consent, make any alterations, improvements or additions in or about the Premises.

8. HOLD HARMLESS:

Tenant shall indemnify and hold Landlord harmless from and against any and all claims arising from Tenant's use or occupancy of the Premises or from the conduct of its business or from any activity, work, or things which may be permitted or suffered by Tenant in or about the Premises including all damages, costs, attorney's fees, expenses and liabilities incurred in the defense of any claim or action or proceeding arising therefrom. Except for Landlord's willful or grossly negligent conduct, Tenant hereby assumes all risk of damage to property or injury to person in or about the Premises.

9. ASSIGNMENT AND SUBLETTING:

Tenant shall not voluntarily or by operation of law assign, transfer, sublet, mortgage, or otherwise transfer or encumber all any part of Tenant's interest in this Lease or in the Premises without Landlord's prior written consent which consent shall not be unreasonably withheld.

10. DEFAULT:

It is agreed between the parties hereto that if any rent shall be due hereunder and unpaid, or if Tenant shall default and breach any other covenant or provision of the Lease, then the Landlord, after giving the proper notice required by law, may re-enter the Premises and remove any property and any and all persons therefrom in the manner allowed by law. The Landlord may, at its option, either maintain this Lease in full force and effect and recover the rent and other charges as they become due or, in the alternative, terminate this Lease. In addition, the Landlord may recover all rentals and any other damages and pursue any other rights and remedies which the Landlord may have against the Tenant by reason of such default as provided by law.

11. SURRENDER:

On the last day of the term of this Lease, Tenant shall surrender the Premises to Landlord in good condition, broom clean, ordinary wear and tear and damage by fire and the elements excepted.

12. HOLDING OVER:

If Tenant, with the Landlord's consent, remains in possession of the Premises after expiration or termination of the term of this Lease, such possession by Tenant shall be deemed to be a tenancy from month-to-month at a rental in the amount of the last monthly rental plus all other charges payable hereunder, and upon all the provisions of this Lease applicable to such a month-to-month tenancy.

13. BINDING ON SUCCESSORS AND ASSIGNS:

Each provision of this Lease performable by Tenant shall be deemed both a covenant and a condition. The terms, conditions and covenants of this Lease shall be binding upon and shall inure to the benefit of each of the parties hereto, their heirs, personal representatives, successors and assigns.

14. NOTICES:

Whenever under this Lease a provision is made for any demand, notice or declaration of any kind, it shall be in writing and served either personally or sent by registered or certified United States mail, postage prepaid, addressed at the address as set forth below:

TO LANDLORD AT:

6161 S. Alameda Street
Los Angeles, California 90001

TO TENANT AT:

6333 S. Alameda Street
Huntington Park, California

Such notice shall be deemed to be received within forty-eight (48) hours from the time of mailing, if mailed as provided for in this paragraph.

15. WAIVERS:

No waiver by Landlord of any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach by Tenant of the same or any other provisions.

16. TIME:

Time is of the essence of this Lease.

Please see attached Addendum for additional terms of Lease.

NOTICE: The California Department of Justice, sheriff's departments, police departments serving jurisdictions of 200,000 or more and many other local law enforcement authorities maintain for public access a data base of the locations of persons required to register pursuant to paragraph (1) of subdivision (a) of Section 290.4 of the Penal Code. The data base is updated on a quarterly basis and is a source of information about the presence of these individuals in any neighborhood. The Department of Justice also maintains a Sex Offender Identification Line through which inquiries about individuals may be made. This is a "900" telephone service. Callers must have specific information about individuals they are checking. Information regarding neighborhoods is not available through the "900" telephone service.

The parties hereto have executed this Lease on the date first above written.

LANDLORD: Robert Fallon c/o Southland

TENANT: Nick Alexander

By: Robert Fallon

By: Nick Alexander

By: _____

By: _____

**Robert Fallon, c/o Southland Steel, as Landlord, and
Nick Alexander, as Tenant**

Date: February 26, 2003

Premises: The approximate southernmost 15,000 sq. ft. portion of an industrial building together with a portion of land to the south. The property is commonly known as: a portion of 6161 S. Alameda Street, Los Angeles, California 90001 (see Exhibit "A")

17. Agreed Use:

The storage of vehicles, both new and used, for private and commercial transportation.

18. Term:

This Lease Agreement shall extend on a month-to-month basis at a lease rate equal to \$5,000.00 per month, unless terminated by either party in writing with sixty (60) days advance notice.

19. Base Rent and Monies Paid Upon Execution of Lease Agreement:

Base Rent shall be \$50,000.00 for the period of March 1, 2003 through December 31, 2003, paid in advance. Total monies due upon execution of this Lease Agreement shall be \$50,000.00.

20. Condition of the Property:

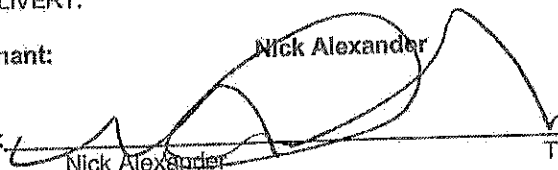
Tenant accepts the Property in an "AS IS" condition, except, Tenant may, at its sole cost and expense, install chain link fencing with appropriate gates surrounding the subject property, and agrees to keep the Property in good condition. On the last day of the term hereof, or any sooner termination, Tenant shall surrender the Property to Lessor in the same condition as received.

21. Utilities Usage:

Tenant shall pay for its own telephone service and electricity usage, as well as the increase in water usage. The Tenant's water usage shall be determined by the difference of current usage to the average usage over twelve (12) months.


THIS DOCUMENT HAS BEEN PREPARED BY TRAVERS MCKINNEY REALTY CORPORATION, DBA MCKINNEY TRAVERS • ONCOR INTERNATIONAL ("MCKINNEY TRAVERS"), AT THE REQUEST OF THE PARTIES, WHICH AGREE TO INDEMNIFY AND HOLD HARMLESS MCKINNEY TRAVERS, THEIR SHAREHOLDERS, OFFICERS, AGENTS AND EMPLOYEES FROM ANY LIABILITY WHICH MAY RESULT FROM ANY PREVIOUS ORAL OR WRITTEN COMMUNICATION, AS WELL AS THE PREPARATION OF THIS OR ANY SUBSEQUENT DOCUMENT RELATING TO THE PROPOSED OR SUCCEEDING TRANSACTION. ALL PARTIES ACKNOWLEDGE HAVING BEEN ADVISED TO HAVE THIS AND ALL TRANSACTION DOCUMENTATION APPROVED BY LEGAL AND FINANCIAL COUNSELS PRIOR TO EXECUTION AND DELIVERY.

Tenant:

By:  Nick Alexander Title February 26, 2003

Landlord:

Robert Fallon, c/o Southland Steel

By:  Robert Fallon President March 9, 2003

Landlord's Broker:

Travers McKinney Realty Corporation
d.b.a. McKinney Travers • ONCOR International

Robert Fallon

6161 S. Alameda St. Los Angeles, CA 90001 213 880-1279 / 949 673-3847 Fax

March 4, 2004

Lease extension between Robert Fallon (landlord) and Nick Alexander Imports (tenant)

July 1, 2004-June 30, 2005 \$5,665/month

July 1, 2005-June 30, 2006 \$5,835/month

July 1, 2006-June 30, 2007 \$6,000/month

#1 Tenant will receive a 5% discount on monthly rent if the rent is paid one year in advance.

#2 Driveway lines will be painted to allow for an easier flow of traffic in and out of the building. Tenant will lose approximately seven parking places.

#3 Tenant will continue to pay for their own electric bill.

#4 Tenant has not paid any security deposit or rent past June 30, 2004.

#5 If the lease is terminated, the property described in #2 above reverts to us & future tenant will use entrance on other side.


Robert Fallon
Landlord


Nick Alexander Imports
Tenant

#6 We reserve the right of first refusal if the property is sold.

AMENDED LEASE AGREEMENT

This Amended Lease Agreement (this "Lease Agreement") is made and entered into this 1st day of December, 2006, by and between the Community Development Commission of the City of Huntington Park, a public body corporate and politic (the "Landlord") and Nick Alexander (the "Tenant"):

RECITALS

WHEREAS, Landlord acquired fee title to that certain property located in the City of Huntington Park, County of Los Angeles, State of California commonly known as 6161 Alameda Street, Huntington Park, California 90001 (the "Site") on or about March 22, 2005; and

WHEREAS, Tenant operates an automobile dealership known as Alexander BMW, located at 6331 S. Alameda Street, Huntington Park, California 90001; and

WHEREAS, Tenant and Landlord's predecessor in interest entered into that certain lease dated February 26, 2003, as amended by that certain lease extension agreement dated March 4, 2004 (as amended, the "Original Lease"), pursuant to which Tenant is leasing a portion of the Site, which portion (the "Original Premises") consists of approximately 70,000 square feet of land area and approximately 23,000 square feet of building floor space, as described in Exhibit "A" and as depicted in Exhibit "B", both of which exhibits are attached hereto and incorporated by reference herein, for the storage of excess vehicle inventory from the Alexander BMW dealership; and

WHEREAS, Tenant has occupied, and desires to lease from Landlord, an additional portion of the Site, which portion (the "Additional Premises") consists of approximately 11,400 square feet of land area and approximately 0 square feet of building floor space, as described in Exhibit "A" and as depicted in Exhibit "B", both of which exhibits are attached hereto and incorporated by reference herein, for the storage of excess vehicle inventory from the Alexander BMW dealership; and

WHEREAS, the Original Premises and the Additional Premises are collectively referred to herein as the "Premises"; and

WHEREAS, Landlord has informed Tenant that the Premises contain certain Hazardous Substances, and that Landlord has entered into the DTSC Agreement (defined herein) with the California Department of Toxic Substances Control, providing for the assessment and remediation of the Site, including the Premises; and

WHEREAS, Landlord and Tenant desire to amend the Lease to add the Additional Premises, and to provide for the testing and remediation required by the DTSC Agreement, subject to and in accordance with the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the foregoing Recitals, which are incorporated herein by this reference, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and for the mutual covenants and promises contained herein, Landlord and Tenant hereby agree as follows:

SECTION 1. Term; Supercedes Prior Lease.

(a) The term of this Lease Agreement shall commence on December 1, 2006. The term for the Original Premises shall continue until June 30, 2007, and continue on a month-to-month basis thereafter until terminated after either party gives thirty (30) days written notice to the other party, or until earlier terminated pursuant to Section 14 hereof.

(b) The term for the Additional Premises shall commence on December 1, 2006 and continue on a month-to-month basis until terminated after either party gives thirty (30) days written notice to the other party, or until terminated pursuant to Section 14 hereof.

(b) Upon the commencement of the term of this Lease, the Original Lease shall be of no further force or effect.

SECTION 2. Premises. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord, on the terms and conditions herein set forth, the Premises and any improvements located thereon, together with all appurtenant easements and rights thereto.

SECTION 3. Rent.

(a) Tenant agrees to pay Landlord, without previous demand or deduction, offset, or abatement, during the Term hereof, the sum of \$7,768.00 per month. All rent shall be payable monthly, in advance, on the first day of each calendar month. Unpaid installments of rent and other unpaid monetary obligations of Tenant under the terms of this Lease Agreement shall bear interest from the date due at the maximum rate then allowable by law. Payment of such interest and/or any late charge shall not excuse or cure any default by Tenant under this Lease Agreement. Tenant hereby acknowledges that the late payment by Tenant to Landlord of rent and other sums due hereunder will cause Landlord to incur costs not contemplated by this Lease Agreement, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges. Accordingly, if Landlord or Landlord's designee fails to receive any installment of rent or any other charge or sum due from Tenant hereunder within five (5) calendar days after such amount shall be due, and without any requirement for notice to Tenant, Tenant shall pay to Landlord, in addition to interest accrued, a late charge equal to ten percent (10%) of such overdue amount. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Landlord will incur by reason of late payment by Tenant. Acceptance of such late charge by Landlord shall in no event constitute a waiver of Tenant's default with respect to such overdue amount, nor prevent Landlord from exercising any of the other rights and remedies granted hereunder. All monetary obligations of Tenant to Landlord under the terms of this Lease Agreement, including but not limited to rent, late charges, interest, insurance premiums, and real estate taxes, are deemed to be rent hereunder.

NO LATE FEES
N/A

(b) Upon thirty (30) days written notice, Landlord may increase the rent. The rent attributable to the Original Premises shall not be increased, however, prior to July 1, 2007. For purposes of this paragraph (b), the portion of the rent set forth in paragraph (b) attributable to the Original Premises is Six Thousand Dollars (\$5,835.00) per month.

(c) If Tenant completes any improvements on the Premises with the prior written consent of Landlord (pursuant to Section 11), Tenant may offset the cost of such improvements against subsequent rent payments, but only to the extent authorized in writing by Landlord.

SECTION 4. Use. The Premises shall be used during the term of this Lease Agreement, as it may be extended, for vehicle storage only. No other use shall be permitted without the written consent of the Landlord, which consent may be withheld in the sole and absolute discretion of Landlord. Tenant shall not use or permit the use of the Premises in any manner which (a) creates a nuisance or an unreasonable annoyance to persons outside the Premises, (b) violates any law, or (c) is determined by Landlord in its reasonable discretion to be an objectionable or inappropriate use of public property. No repair of vehicles shall occur on the Premises.

SECTION 5. Landlord's Rights of Inspection. Landlord and Landlord's agents, employees and representatives shall have the right to enter the Premises at reasonable times for purposes of inspection and making such alterations, investigations, repairs, improvements, or additions to the Premises as Landlord may deem necessary or desirable, including but not limited to such investigations and remediation as may be required by the DTSC Agreement. Landlord contemplates undertaking certain environmental investigations on the Premises.

SECTION 6. Taxes. As additional rent, Tenant shall pay directly to the appropriate taxing authorities (to the extent that Tenant is not exempted by law), without prior demand or abatement, deduction or offset, all real property taxes and assessments, possessory interest taxes, general and special taxes and assessments, all property taxes on personal property located on the Premises, and other charges of every description levied on or assessed against the Premises, the improvements located on the Premises, personal property located on or in the land or improvements, the leasehold estate, or against Tenant, to the full extent of installments falling due during the term of this Lease Agreement, whether belonging to or chargeable against Landlord or Tenant (collectively, "Taxes").

SECTION 7. Utilities and Services. Tenant shall make all arrangements for and pay for all utilities furnished to or used on the Premises, including, without limitation, gas, electricity, sewer fees, water, telephone service and janitorial service, and for all connection charges and any other utilities and services furnished to the Premises. If any such services are not separately metered by the Landlord, Tenant shall pay its pro rata portion thereof, to be determined by the Landlord, of all charges jointly metered with other premises.

SECTION 8. Condition of Premises. Tenant hereby approves the physical condition of the Premises. Landlord hereby leases the Premises to Tenant in an "as is" condition, and Landlord makes no warranty whatsoever to Tenant as to the condition of any portion of the Premises, including whether the Premises contains any Hazardous Substances. Tenant has inspected the Premises and Tenant has determined that the Premises are suitable for Tenant's purposes. Tenant acknowledges and agrees:

(a) Tenant is leasing the Premises in "AS-IS," "WHERE-IS" condition "WITH ALL FAULTS." Tenant agrees that Landlord has no obligation to remedy any faults, defects, or other adverse conditions described in any report or other material obtained by Tenant or delivered by Landlord to Tenant, including the remediation of any hazardous material or Hazardous Substance on the Premises.

(b) Tenant, on its own behalf and on behalf of all of Tenant's successors and assigns, hereby releases the City and/or Landlord for an claims which may be asserted against the City and/or Landlord under the Comprehensive Environmental Response, Compensation and Liability Act, as amended (42 U.S.C. Section 9601 et seq.) ("CERCLA") or under any other Environmental Law for any conditions or Hazardous Substances existing prior to or during the time Tenant has possession of and/or title to the Premises.

SECTION 9. Hazardous Substances. Tenant shall not use, handle, store, transport, generate, release, or dispose of any hazardous material or hazardous substance on, under, or about the Premises. Tenant shall comply at Tenant's sole cost and expense with any Environmental Laws. Tenant agrees to indemnify, defend and hold Landlord harmless from any liabilities, losses, claims, damages, penalties, fines, attorney fees, expert fees, court costs, remediation costs, investigation costs, or other expenses resulting from or arising out of the use, storage, treatment, transportation, release, or disposal of hazardous materials or hazardous substances on or about the Premises by Tenant. This covenant shall survive the assignment or sale of Tenant's interest in this Lease Agreement and the expiration or sooner termination of this Lease Agreement.

For purposes of this Lease Agreement, "Hazardous Substances" shall include, without limitation, any hazardous substance or waste, hazardous material, chemical compound or element, pollutant or contaminant, as those terms are defined in their broadest sense by any Environmental Law, petroleum or refined petroleum products, flammable explosives, radioactive materials, asbestos, polychlorinated biphenyls, chemicals known to cause cancer or reproductive toxicity, substances described in California Civil Code Section 2929.5(e)(2) and California Code of Civil Procedure Section 736(f)(3), as those sections may be amended from time to time, as well as, without limitation, all other substances included within the definitions of hazardous substance, hazardous waste, hazardous material, toxic substance, solid waste, or pollutant or contaminant in CERCLA, RCRA, TSCA, HMTA, or under any other Environmental Law, and any pollutants, contaminants, hazardous wastes, toxic substances or related materials.

For purposes of this Lease Agreement, "Environmental Laws" shall mean all federal, state and local laws, rules orders, regulations, statutes, ordinances, codes, decrees, or requirements of any government authority regulating, relating to, or imposing liability or standards of conduct concerning any Hazardous Substance (as later defined), or pertaining to occupational health or industrial hygiene (and only to the extent that the occupational health or industrial hygiene laws, ordinances, or regulations relate to Hazardous Substances on, under, or about the Site), occupational or environmental conditions on, under, or about the Site, as now or may at any later time be in effect, including without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA) [42 USCS §§9601 et seq.]; the Resource Conservation and Recovery Act of 1976 (RCRA) [42 USCS §§ 6901 et seq.]; the Clean Water Act, also known as the Federal Water Pollution Control Act

(FWPCA) [33 USCS §§ 1251 et seq.]; the Toxic Substances Control Act (TSCA) [15 USCS §§ 2601 et seq.]; the Hazardous Materials Transportation Act (HMTA) [49 USCS §§ 1801 et seq.]; the Insecticide, Fungicide, Rodenticide Act [7 USCS §§ 136 et seq.]; the Superfund Amendments and Reauthorization Act [42 USCS §§ 6901 et seq.]; the Clean Air Act [42 USCS §§ 7401 et seq.]; the Safe Drinking Water Act [42 USCS §§ 300f et seq.]; the Solid Waste Disposal Act [42 USCS §§ 6901 et seq.]; the Surface Mining Control and Reclamation Act [30 USCS §§ et seq.]; the Emergency Planning and Community Right to Know Act [42 USCS §§ 11001 et seq.]; the Occupational Safety and Health Act [29 USCS §§ 655 and 657]; the California Underground Storage of Hazardous Substances Act [H & SC §§ 25280 et seq.]; the California Hazardous Substances Account Act [H & SC §§ 25300 et seq.]; the California Hazardous Waste Control Act [H & SC §§ 25100 et seq.]; the California Safe Drinking Water and Toxic Enforcement Act [H & SC §§ 24249.5 et seq.]; the Porter-Cologne Water Quality Act [Water C §§ 13000 et seq.]; together with any amendments of or regulations promulgated under the statutes cited above and any other federal, state, or local law, statute, ordinance, or regulation now in effect or later enacted that pertains to occupational health or industrial hygiene (and only to the extent that the occupational health or industrial hygiene laws, ordinances, or regulations relate to Hazardous Substances on, under, or about the Site), or the regulation or protection of the environment, including ambient air, soil, soil vapor, groundwater, surface water, or land use.

SECTION 10. DTSC Agreement. Landlord has informed Tenant that the Premises contain certain Hazardous Substances. Landlord has entered into that certain Standard Agreement For Participating Under California's Land Reuse And Revitalization Act (CLERRA) Program between The Community Development Commission of the City of Huntington Park and the California Department of Toxic Substances Control, Agreement Number HAS-A-05/05-029, dated August 31, 2006 (the "DTSC Agreement") with the California Department of Toxic Substances Control ("DTSC"), providing for the assessment and remediation of the Site, including the Premises. Landlord has provided to Tenant a copy of the DTSC Agreement, as well as copies of the reports identified in Section 3.3 of the DTSC Agreement. Tenant shall cooperate with Landlord, its consultants, and DTSC to the extent necessary for Landlord to implement the DTSC Agreement. Such cooperation includes, but is not limited to, removing vehicles and other personal property from portions of the Premises upon forty-eight (48) hours written notice, for purposes of testing and/or remediation of the Premises.

SECTION 11. Maintenance.

(a) Throughout the Term, Tenant shall, at Tenant's sole cost and expense, keep and maintain the Premises in neat and clean condition, appearance and repair, free from trash and debris. Tenant shall maintain the Premises and every part thereof in accordance with (i) all applicable laws, rules, ordinances, orders and regulations of federal, state, county, municipal, and other governmental agencies and bodies having or claiming jurisdiction and all their respective departments, bureaus, and officials; (ii) the insurance underwriting board or insurance services office having or claiming jurisdiction over the Premises; and (iii) all insurance companies insuring all or any part of the Premises. Landlord shall not have any responsibility to maintain the Premises whatsoever.

(b) Clean-up maintenance shall include, but not be limited to: commercially reasonable maintenance of all parking areas, driveways and other paved areas in

clean and weed-free condition; maintenance of all such areas clear of dirt, mud, trash, debris or other matter which is unsafe or unsightly; clearance and cleaning of all areas maintained prior to the end of the day on which the maintenance operations are performed to ensure that all debris are properly disposed of by maintenance workers.

(c) Any and all chemicals, unhealthful substances, and pesticides used in and during maintenance shall be applied only by persons in strict accordance with all governing regulations.

(d) Except as provided in Section 12 hereof, Tenant shall promptly and diligently repair, restore, and replace as required to maintain or comply as above, or to remedy all damage to or destruction of all or any part of the improvements located on the Site. The completed work of maintenance, compliance, repair, restoration, or replacement shall be substantially equal in value, quality and use to the condition of the improvements before the event giving rise to the work, except as expressly provided to the contrary in this Lease Agreement. Landlord shall not be required to furnish any services or facilities or to make any repairs or alterations of any kind in or on the Premises. Landlord's election to perform any obligation of Tenant under this provision upon Tenant's failure or refusal to do so shall not constitute a waiver of any right or remedy for Tenant's default, and Tenant shall promptly reimburse, defend and indemnify Landlord against all liability, loss, cost and expense arising therefrom.

SECTION 12. Alterations and Additions. Tenant shall not, without the prior written consent of Landlord, which consent may be withheld in Landlord's sole and absolute discretion, make any alterations, improvements, additions, or utility installations in, on, under or about the Premises.

SECTION 13. Waste, Nuisance and Illegal Acts. Tenant shall not commit or suffer to be committed any waste or nuisance upon the Premises, or commit or permit any illegal activities to be conducted upon the Premises. Tenant and its agents, employees, representatives, licensees, guests and invitees shall comply with all provisions of the Huntington Park Municipal Code and all other applicable laws.

SECTION 14. Defaults and Remedies.

A. Defaults by Tenant. The occurrence of any one or more of the following events shall constitute a material default and breach of this Lease Agreement by Tenant:

- i. The vacating, abandonment or surrender of the Premises or the leasehold estate by Tenant;
- ii. The failure of Tenant to timely pay the rental for the Premises leased hereunder as specified in Section 3 where such failure is not cured within five (5) calendar days after written notice from Landlord to Tenant;
- iii. The failure of Tenant to timely pay the rent (as defined in Section 3 hereof) on three (3) or more occasions during any 12-month period during the Term, as it may be extended;

- iv. Failure to pay taxes, assessments, insurance premiums, liens, claims or other charges when due hereunder;
- v. Failure to use, maintain, and operate the Premises as herein required;
- vi. Assigning or subletting the Premises or any portion thereof, or Tenant's interest in this Lease Agreement, without the prior written consent of Landlord;
- vii. Committing waste on the Premises;
- viii. Maintaining, committing, or permitting the maintenance or commission of a nuisance on the Premises;
- ix. Using the Premises for any purpose not permitted by this Lease Agreement or for any unlawful purpose, whether or not such purpose is in addition to or in lieu of the uses herein permitted;
- x. The occurrence of any of the following events: (a) the making by Tenant of any general arrangement or assignment for the benefit of creditors; (b) Tenant's becoming a "debtor" as defined in 11 U.S. Code Section 101 or any successor statute thereto (unless, in the case of a petition filed against Tenant, the same is dismissed within sixty (60) days); (c) the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease Agreement, where possession is not restored to Tenant within thirty (30) days; or (d) the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease Agreement, where such seizure is not discharged within thirty (30) days; provided, however, in the event that any provision of this subsection is contrary to any applicable law, such provision shall be of no force or effect, and shall not affect the validity of the remaining provisions of this Lease Agreement; or
- xi. The failure by Tenant to observe or perform any other term, condition, covenant, agreement, or provision of this Lease Agreement to be observed or performed by Tenant, where such failure shall continue for a period of ten (10) days after written notice thereof from Landlord to Tenant; provided, however, if the nature of Tenant's default is such that more than ten (10) days are reasonably required for its cure, then Tenant shall not be deemed to be in default if Tenant commences such cure within the ten (10) day period and thereafter diligently prosecutes such cure to completion, and in fact completes such cure within thirty (30) days.

B. Remedies. In the event of any material fault or breach by Tenant, Landlord, at any time thereafter, with or without further notice or demand and without limiting Landlord in the exercise of any right or remedy which Landlord may have by reason of such default or breach at law or in equity, may:

- i. Terminate Tenant's right to possession of the Premises by any lawful means, in which case this Lease Agreement shall terminate and Tenant shall immediately surrender possession of the Premises to Landlord. Upon repossession, Landlord shall have the right (at its election and whether or not this Lease Agreement shall be terminated) to relet the Premises or any part thereof for such period or periods (which may be extended beyond the Term of this Lease Agreement) and at such rent and upon such other terms and conditions as Landlord may, in good faith, deem advisable, and in connection with any such reletting, Landlord may make or cause to be made such additions, alterations, and improvements to the Premises as Landlord shall, in good faith, deem necessary and the making of such additions, alterations and improvements shall not release Tenant from liability hereunder. Landlord shall in no event be liable and Tenant's liability shall not be affected or diminished in any way whatsoever for failure to relet the Premises or, in the event the Premises are relet, for failure to collect any rental under such reletting. Tenant hereby waives the provisions of California Code of Civil Procedure Section 1179. In any event, Landlord shall be entitled to recover from Tenant as damages all of the following:

- (1) The worth at the time of the award of any unpaid Rent or other charges which have been earned at the time of termination; and

- (2) Any other amount necessary to compensate Landlord for all of the detriment proximately caused by Tenant's failure to perform its obligations under this Lease Agreement or which in the ordinary course of things would be likely to result therefrom.

As used in subsection (1) above, the "worth at the time of the award" shall be computed by allowing interest at a rate equal to the lesser of (i) the prime rate reported in the Wall Street Journal as published closest prior to the date when due plus four percent (4%), or (ii) the maximum rate allowed by law. The amount recoverable by Landlord pursuant to subsection (2) above shall include, but is not limited to, any costs or expenses incurred by Landlord in maintaining or preserving the Premises after such default, preparing the Premises for reletting to a new tenant, accomplishing any repairs or alterations to the Premises for the purpose of such reletting, rectifying any damage thereto occasioned by the act or omission of Tenant or any other costs necessary or appropriate to relet the Premises.

- ii. Tenant hereby grants Landlord the right to re-enter the Premises upon the occurrence of any one or more of the default events set forth above in Section 14.A., and Landlord shall have the right to exercise its right of re-entry and/or maintain an action for the possession of the Premises pursuant to and in accordance with all applicable law, including but not limited to Section 791 and Section 793 of the California Civil Code.

- iii. Pursue any other remedy now or hereafter available to Landlord at law or equity under the laws of the State of California.

C. Default by Landlord. Landlord shall be in default of this Lease Agreement if Landlord fails to perform obligations required of Landlord within a reasonable time, but in no event later than thirty (30) days after written notice by Tenant to Landlord specifying wherein Landlord has failed to perform such obligations; provided, however, that if the nature of Landlord's obligation is such that more than thirty (30) days are required for performance then Landlord shall not be in default if Landlord commences performance within such thirty (30) day period and thereafter diligently prosecutes the same to completion, and in fact completes cure within ninety (90) days.

SECTION 15. Successors and Assigns. This Lease Agreement and each and every covenant, condition and term herein, subject to Section 23 hereof, shall be binding upon, and inure to the benefit of, the parties hereto, and their respective successors and assigns.

SECTION 16. Severability. If any term, condition or covenant of this Lease Agreement, or the application thereof to any person or circumstance, shall be held to be invalid or unenforceable by a court of competent jurisdiction, the remainder of this Lease Agreement, other than those terms, conditions, or covenants held invalid or unenforceable, shall be unaffected thereby and shall be valid and shall be enforced to the fullest extent permitted by law.

SECTION 17. Insurance. Tenant agrees to maintain in full force and effect during the Term of this Lease Agreement, at its sole cost and expense, comprehensive general liability insurance with limits of not less than One Million Dollars (\$1,000,000) for personal injury to any one person, One Million Dollars (\$1,000,000) for injuries arising out of any one occurrence, and Five Hundred Thousand Dollars (\$500,000) for property damages or a combined single limit of One Million Dollars (\$1,000,000). Such insurance shall indemnify the Landlord from all liability from loss, damage, or injury to persons or to property which arises from any personal injury, death or property damage occurring on the Premises during the Term or which arises from any act or omission of Tenant or its agents, employees, representatives, licensees or invitees under this Lease Agreement.

Tenant shall cause to be issued and maintained throughout the Term, at its sole cost and expense, a standard fire and extended coverage insurance policy or policies, insuring against perils included within the general classifications of fire, extended coverage, vandalism, malicious mischief, and special extended peril, in an amount not less than one hundred percent (100%) of the full replacement value of the improvements located on the Premises.

The insurance coverage required of Tenant hereunder shall be limited to only those portions of the Premises being leased or occupied by Tenant hereunder, i.e. the Premises. Each insurance policy required to be carried and maintained by Tenant hereunder shall be primary insurance with respect to any insurance maintained by Landlord, which shall be in excess of Landlord's insurance and shall not contribute with it and shall name the Community Development Commission of the City of Huntington Park, its officers, agents and employees, as additional insureds. Each insurance policy shall be endorsed to state that coverage, scope or

amount shall not be suspended, terminated, voided, canceled or modified by either party, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested has been given to Landlord. Tenant shall immediately notify Landlord upon receipt of any oral or written notice from an insurer stating an intention to cancel or modify any policy required under this Section. Each insurance policy shall include a severability of interests clause substantially similar to the following: "The insurance afforded by this policy applies separately to each insured against whom a claim or suit is made or suit is brought, except with respect to the limit of the insurer's liability." All insurance policies required under this Section shall be obtained from an insurance company or companies qualified to do business within the State of California and satisfactory to Landlord.

The insurance certificate evidencing such insurance shall be submitted to the Landlord for review within thirty (30) days of the effective date hereof and thereafter the Landlord shall have the right to approve or disapprove any insurance procured by Tenant under the standards of this section.

Without affecting any other rights or remedies, Landlord and Tenant each hereby release and relieve the other, and waive their entire right to recover damages (whether in contract or in tort) against the other, for loss or damage to the Premises or the improvements located thereon arising out of or incident to the perils customarily insured against under an "all risk" policy of fire and extended coverage insurance. The effect of such releases and waivers of the right to recover damages shall not be limited by the amount of insurance carried or required, or by any deductibles applicable thereto. Tenant shall obtain, from the insurance company or companies furnishing policies pursuant to this Section, an appropriate clause or endorsement pursuant to which the insurance company waives subrogation or consents to a waiver of right of recovery for loss or damage occasioned by the negligence, act, omission or fault of Landlord, and Landlord's employees, agents and representatives.

Procurement of insurance by Tenant shall not be construed as a limitation of Tenant's liability or as performance of Tenant's duties to indemnify, hold harmless, and defend under this Lease Agreement.

SECTION 18. Workers' Compensation. Tenant agrees to provide worker's compensation insurance in accordance with the provisions of the California Labor Code.

SECTION 19. Indemnity. Tenant agrees to indemnify, defend and hold harmless the Premises, Landlord, its officers, agents, contractors, attorneys and employees from and against any and all claims, loss of rents and/or damages, costs, liens, judgments, penalties, loss of permits, liabilities or expenses, including defense costs and actual attorneys' and consultants' fees, and claims for damages of any nature whatsoever, including but not limited to, bodily injury, death, personal injury, or property damage, arising out of, involving, or in connection with Tenant's use or occupancy of the Premises and the improvements thereon, the conduct of Tenant's business, or any act, omission or neglect of Tenant, its agents, contractors, subcontractors, employees or invitees. The foregoing shall include, but not be limited to, the defense or pursuit of any claim or any action or proceeding involved therein, and whether or not (in the case of claims made against Landlord) litigated and/or reduced to judgment. In case any action or proceeding is brought against Landlord by reason of any of the foregoing matters,

Tenant upon notice from Landlord shall defend the same at Tenant's expense by counsel reasonably satisfactory to Landlord, and Landlord shall cooperate with Tenant in such defense. Landlord need not have first paid any such claim in order to be so indemnified.

SECTION 20. Limitation of Liability. Except for Landlord's willful or grossly negligent conduct, Tenant hereby agrees that Landlord will not be liable for any loss, damage, or injury of any kind or character to any person or property arising from any use of the Premises or any part thereof, or the improvements thereon, or caused by any defect in the building, structure, equipment or facility therein, or caused by or arising from the presence of any Hazardous Substances or any testing or remediation activities related to Hazardous Substances, or caused by or arising from any act or omission of Tenant, or any of its agents, employees, licensees, or invitees, or by or from any accident on the Premises, or any fire or other casualty thereon, or occasioned by the failure of Tenant to maintain the Premises in a safe condition, or arising from any other cause whatsoever, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water, or rain, or from the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air-conditioning, or lighting fixtures, or from any other cause, whether such damage results from conditions arising upon the Premises or upon other portions of the building of which the Premises are a part, or from any other sources or places. Landlord shall not be liable to Tenant for any damages arising from any act or neglect of any other tenant or licensee, if any, of the building in which the Premises are located. Tenant, as a material part of the consideration of this Lease Agreement, hereby waives and releases Landlord from and against all claims and demands against Landlord for any such loss, damage, or injury of Tenant or its agents, employees, licensees or invitees.

SECTION 21. Sale of Premises by Landlord. This Lease Agreement shall not be construed to restrict in any way the ability of Landlord to sell, encumber or otherwise transfer title to the Premises. In the event of any sale of the Premises by Landlord, Landlord shall be and is hereby entirely freed and relieved of all liability under any and all of its covenants and unaccrued obligations contained in or derived from this Lease Agreement arising out of any act, occurrence or omission occurring after the consummation of such sale, provided that the purchaser at such sale or any subsequent sale of the Premises shall in writing covenant to and with Tenant to carry out any and all of the covenants and obligations of Landlord under this Lease Agreement.

SECTION 22. Notices. Any notice, demand, request, consent, approval or communication that either Party desires or is required to give to the other Party hereunder shall be in writing and shall be deemed given as of the time of hand delivery to the addresses set forth below, on the next business day after delivery by a nationally recognized overnight delivery service, or three (3) days after deposit into the United States mail, postage prepaid, by registered or certified mail, return receipt requested. Unless notice of a different address has been given in accordance with this section, all such notices shall be addressed as follows:

To Landlord:

Executive Director
Community Development Commission of the
City of Huntington Park
6550 Miles Avenue
Huntington Park, CA 90255

To Tenant:

Nick Alexander-

6331 S. Alameda, Huntington Park, Ca. 90255

SECTION 23. Assignment and Subletting. Tenant shall not assign, delegate, transfer, sublet or hypothecate the Premises or any portion thereof or this Lease Agreement or any interest therein, directly or indirectly, by operation of law or otherwise, without the prior written consent of the Landlord, which consent may be withheld in the sole and absolute discretion of Landlord. Landlord's consent to one assignment, occupancy or use by another person shall not be construed as consent to any subsequent assignment, occupancy or use by any other person. Any such assignment or subletting shall be subject to the same terms and conditions as this Lease Agreement. Any assignment without the prior written consent of Landlord shall be null and void *ab initio*, shall constitute a default hereunder, and shall, at the option of Landlord, terminate this Lease Agreement.

SECTION 24. Surrender of Premises. At the expiration or earlier termination of this Lease Agreement, Tenant shall surrender to Landlord the possession of the Premises. Tenant shall remove all personal property from the Premises. All improvements to the Premises made by Tenant shall become the property of Landlord, unless otherwise agreed to by the parties. Lessee shall leave the surrendered property and any other property in good and broom clean condition. All property that Tenant is not required to surrender but that Tenant does abandon shall, at Landlord's election, become Landlord's property at expiration or the sooner termination of this Lease.

SECTION 25. No Relocation Benefits. Tenant hereby acknowledges and agrees that the rental of these Premises to Tenant is being made in the course of voluntary negotiations between Landlord and Tenant resulting from Tenant's desire to temporarily rent the Premises. Tenant acknowledges that, upon the expiration or termination of this Lease Agreement, Landlord is not required to provide Tenant with relocation assistance payments and/or benefits under the law applying to relocation of displaced persons, including but not limited to the State Relocation Assistance Act, Cal. Gov't. Code §§ 7260 et seq., the regulations contained in Title

25, California Code of Regulations, Chapter 6, Subchapter 1; the Agency Relocation Assistance and Real Property Guidelines; and the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, 42 U.S.C. §§ 4601 et seq., and the Tenant hereby waives any such assistance or benefits if applicable.

SECTION 26. Amendments or Modifications. Except as provided herein, this Lease Agreement may be amended or modified only by the written agreement of the parties hereto.

SECTION 27. Attorney's Fees. In the event any legal or equitable action or proceeding is instituted between the parties hereto seeking enforcement or interpretation of any of the terms or provisions of this Lease Agreement, the prevailing party in such action shall be entitled to have and to recover from the other party all of the prevailing party's costs of suit, including but not limited to actual attorneys' fees awarded by the court.

SECTION 28. Non-Waiver of Breach. No waiver of breach of any of the covenants, agreements, restrictions, or conditions of this Lease Agreement by Landlord shall be construed to be a waiver of any succeeding breach of the same or other covenants, agreements, restrictions or conditions of this Lease Agreement. No delay or omission of Landlord in exercising any right, power or remedy herein provided in the event of default shall be construed as a waiver thereof, or acquiescence therein, nor shall the acceptance of any payments made in a manner or at a time other than is herein provided be construed as a waiver of, or a variation of, any of the terms of this Lease Agreement. Landlord's consent to or approval of any act shall not be deemed to render unnecessary the obtaining of Landlord's consent or approval of any subsequent act by Tenant. The acceptance of rent hereunder by Landlord shall not be a waiver of any preceding breach by Tenant of any provision hereof, other than the failure of Tenant to pay the particular rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such rent.

SECTION 29. Covenants and Conditions. Each provision of this Lease Agreement performable by Tenant shall be deemed both a covenant and a condition.

SECTION 30. Binding Effect: Choice of Law. Subject to the provisions of Section 23, the Amendment shall bind the parties hereto and their respective representatives, successors and assigns. This Lease Agreement shall be governed by the laws of the State of California.

SECTION 31. Integration. This Lease Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof. The Landlord and the Tenant hereby acknowledge that they have neither made nor accepted any other promise or obligation with respect to the subject matter of this Lease Agreement. No verbal agreement or implied covenant shall be held to vary the provisions hereof, any statements, law or custom to the contrary notwithstanding. The failure or refusal of either party to inspect the Premises, to read this Lease Agreement or other documents, or to obtain legal or other advice relevant to this transaction constitutes a waiver of any objection, contention, or claim that might have been based on such reading, inspection, or advice. Each party represents and warrants that it has the power and authority to enter into and carry out the provisions of this Lease Agreement.

SECTION 32. Interpretation. The captions of the various sections of this Lease Agreement are for convenience and ease of reference only and do not define, limit, augment, or describe the scope, content, or intent of this Lease Agreement or of any part or parts of this Lease Agreement. The neuter gender includes the feminine and masculine, the masculine includes the feminine and neuter, and the feminine includes the neuter, and each includes corporation, partnership, or other legal entity whenever the context so requires. The singular number includes the plural whenever the context so requires. The term "days" as used in this Lease Agreement shall refer to calendar days, unless specified otherwise.

SECTION 33. Time is of the essence. Time is of the essence hereunder.

SECTION 34. Relationship of the Parties. Nothing in this Lease Agreement shall be deemed or construed by the parties hereto or by any third person to create the relationship of principal and agent, partnership, joint venture, or any other association between Landlord and Tenant other than the relationship described herein.

SECTION 35. Warranty Against Payment of Consideration for Agreement. Tenant warrants that it has not paid or given, and will not pay or give, to any third person, any money or other consideration for obtaining this Lease Agreement, other than normal costs of conducting business and costs of professional services such as architects, engineers and attorneys.

SECTION 36. Severability. Each and every provision of this Lease Agreement is, and shall be construed to be, a separate and independent covenant and agreement. If any term or provision of this Lease Agreement or the application thereof shall to any extent be held to be invalid or unenforceable as determined by a court of competent jurisdiction, the remainder of this Lease Agreement, or the application of such term or provision to circumstances other than those to which it is held to be invalid or unenforceable, shall not be affected hereby, and each term and provision of this Lease Agreement shall be valid and shall be enforced to the extent permitted by law.

SECTION 37. Execution in Counterparts. This Lease Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. For purposes of this Lease Agreement, facsimile signatures shall be deemed to be original signatures, and shall be followed by the immediate overnight delivery of original signature pages.

~~SECTION 38. Tenant agrees to pay the sum of \$5,000.00 to Landlord upon signing of the lease as an inducement to the Landlord to enter into this agreement. Said payment shall be non-refundable and shall become the property of the Landlord immediately.~~

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NA
[Signature]

IN WITNESS WHEREOF, the parties hereto have executed this Lease Agreement as of the day and year first above written.

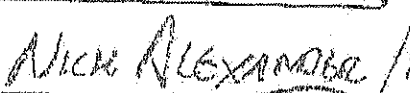
THE CITY OF HUNTINGTON PARK
COMMUNITY DEVELOPMENT
COMMISSION, a public body, corporate
and politic

By: 
Don Brabant, Property Manager

BRABANT REALTY & MANAGEMENT, INC.

APPROVED AS TO FORM:
Richards, Watson & Gershon

By: _____
Roxanne M. Diaz
Commission Counsel

By:  / MPARTS

By: 
Secretary

Exhibit "A"

Description of Premises

Area 1: A corrugated metal industrial building containing a total of 23,000. square feet. of area.

Area 2: A partially paved auto storage area containing 70,000 square feet of area.

Area 3: A partially paved auto storage area containing 11,400 square feet of area.

Exhibit "B"
Depiction of Premises

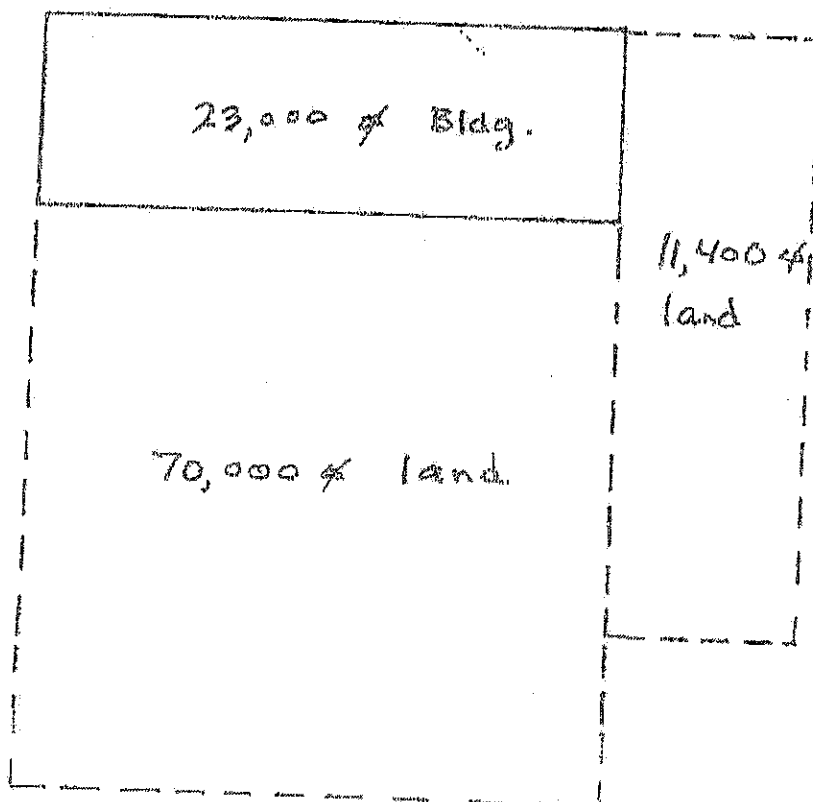
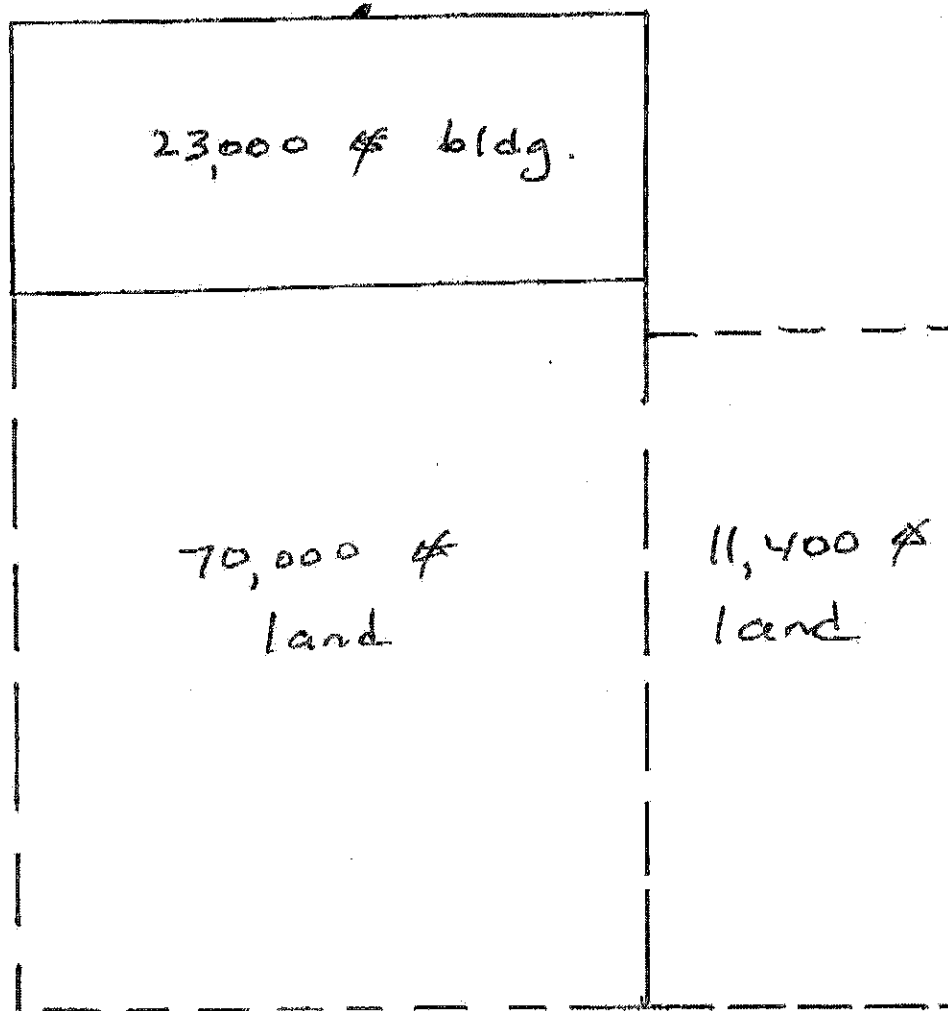


Exhibit C

- Area 1: A corrugated metal industrial building containing a total of 23,000. square feet of area.
- Area 2: A partially paved auto storage area containing 70,000 square feet of area.
- Area 3: A partially paved auto storage area containing approximately 11,400 square feet of area.

Exhibit D



Addenda to Amended Lease Agreement : Dated -- December 1, 2006, covering the property located at 6161 Alameda St., Huntington Park between Nick Alexander (the "Tenant") and the Community Development Commission of the City of Huntington Park.


The above captioned lease agreement, a copy of which is attached herewith is amended as to the following particulars only:

- 1.) The exhibits marked A and B are hereby replaced by exhibits C and D respectively.
- 2.) Regarding section #5, in the "original lease agreement dated February 26, 2003" referred to on page 1 of the "Amended Lease Agreement" listed at the heading of this addenda and with regard specifically to the payment of taxes on the area covered under that "original lease agreement dated February 26, 2003". The landlord and tenant agree that the terms in clause #5 only in the "original lease agreement dated February 26, 2003" shall apply through the end of that lease on June 30, 2007. After that date the terms of the Amended Lease Agreement" captioned above shall apply to all areas covered under both the original and amended lease agreements.
- 3.) Tenant agrees to pay \$2,500.00 to landlord as an inducement to sign both this addenda and the amended lease agreement.

All other terms and conditions to remain the same.


Nick Alexander

3-29-07
Date


Community Development Commission of the
City of Huntington Park by Brabant Realty and Management, Inc.

3-30-07
Date